In the Supreme Court of the United States

OCTOBER TERM, 1973

No. 73-9

COMMISSIONER OF INTERNAL REVENUE, PETITIONER

v.

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

I

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RELEVANT DOCKET ENTRIES—TAX COURT
(Docket No. 1081-70)

Date	Filings and Proceedings
Feb. 25, 1970	PETITION FILED: FEE PAID Feb. 25, 1970
Feb. 25, 1970	REQUEST by petr. for trial at Kansas City, Mo.—GRANTED, Mar. 3, 1970
May 1, 1970	ANSWER filed by Resp.
Dec. 1, 1970	NOTICE OF TRIAL at Kansas City, Mo. on Feb. 22, 1971
Feb. 17, 1971	MOTION by Petr. for leave to file Amended Petition filed. (Amended Petition Lodged)—WITHDRAWN See Order 2/22/71
Feb. 22, 23, 1971	TRIAL at Kansas City, Mo. before Judge Scott Submitted on Feb. 23, 1971
Feb. 22, 1971	Hrg. on petrs. motion for leave to file Amended Petition withdrawn see Order Feb. 23, 1971 served.
Feb. 23, 1971	Stipulation of Facts w/exhibits BRIEFS due April 29, 1971 REPLY BRIEFS due May 25, 1971 SUBMITTED TO JUDGE SCOTT

Feb.	22, 1971	ORDERED: that petitioner's oral motion to withdraw documents is granted and petitioner's motion for leave of Court to file amended petition, filed Feb. 17, 1971, and petitioner's amended petition, lodged with the Court on Feb. 17, 1971 are hereby removed from the file and returned to petitioner's counsel.
Mar.	8, 1971	TRANSCRIPT of Feb. 22 & 23, 1971 received (2)
April	9, 1971	BRIEF for Respondent filed.
April	12, 1971	BRIEF for Petitioner filed (20-P)
May	24, 1971	REPLY BRIEF for Petitioners filed (20-P)
May	25, 1971	REPLY BRIEF for Respondent filed
Oct.	14, 1971	OPINION filed Judge Scott (Decision will be entered for respondent)
Oct.	18, 1971	DECISION entered Judge Scott

APPELLATE PROCEEDINGS

Jan.	3, 1972	ENTRY OF APPEARANCE of Ronald B. Stang for Petr.
Jan.	3, 1972	NOTICE OF APPEAL to U.S.C.A., 10th Cir., filed by Petr.
Jan.	3, 1972	NOTICE OF FILING with copy of Notice of Appeal served on Chief Counsel, Mr. K. Martin Worthy.
Jan.	3, 1972	NOTICE to parties of assembling and date for transmission of the record.
Jan.	3, 1972	CERTIFIED copy of notice of appeal was mailed to Clerk, U.S.C.A., 10th Cir.

Jan. 19, 1972 DESIGNATION of Charles White Hess and Ronald B. Stang as counsel to receive all service, filed.

Relevant Docket Entries—Court of Appeals

Case No. 72-1125

National Alfalfa Dehydrating & Milling. Commission of I.R.

Date	Filings—Proceedings	Filed
2-14-72	Cause docketed: record on appeal, Vol. I, Vol. II, III (transcript), Vol. IV (exhibits), orig. (over 300 pp.); docketing statement, orig. & 3 cc.	
	Order—assigned to General Calendar; appellant's brief due 3-27-72—Lewis	
2-18-72	Appearance—Aplt—Hess, Stang	
2-22-72	Appearance—Appellee—Rothwacks, Crampton	
2-28-72	Appearance—Appellee—Henkel, Jr., Frosch	
3- 8-72	Motion of Norton Simon, Inc. for leave to file brief amicus curiae—0 & 5cc-c/s	
3- 8-72	Motion of Norton Simon, Inc., for leave to file brief as Amicus Curiae Granted to File—Clerk-Rule 11 HKP	
3-27-72	Appellant's brief—25cc-c/s	
	Appendix—10cc-c/s	
	Exhibits to Appendix—4cc-c/s	
	Brief Amicus curiae—25cc-c/s (Norton Simon, Inc.)	
4-28-72	C.I.R.'s motion for ext. of time to and incl. 5-6-72 to file brief—0 & 3cc-c/s	
4-28-72	Order: C.I.R.'s motion for ext. of time *granted* to 5-6-72—BHS	
5- 5-72	Appellee's brief—25cc-c/s	
5-22-72	Motion of Norton Simon for leave to file reply brief as amicus curiae—0 & 3cc-c/ (to panel)	
	Reply brief for amicus curiae—25cc-(2cc sent to panel) c/c—rec. but not filed pending Appellant's reply brief—25cc-c/s *filed 6-6-72*	
6- 6-72	Order: Motion of Norton Simon, Inc. for leave to file reply brief as amicus curiae *granted*. (Lewis, McWilliams)	
7-27-72	Set for Hearing—Wichita, Kansas	
9-13-72	Argued and submitted—Phillips, Hill, Holloway	
11-24-72	Appellee's addtl. authority (Classn's, Inc. opinion) for argument—and letter—0 & 3 cc-c/s	
11-27-72	Appellant's response to addtl. authority for argument—0 & 4 cc-c/s	
11-27-72	Appellee's addtl. authority and Appellant's response forwarded to panel (Phillips, Hill, Holloway)	
12-14-72	Amicus Curiae's objection to Government's additional authority—0 only c/s (Fwd. to Panel)	

1–26–73	Opinion—Phillips, Hill, Holloway Judgment: Reversed and remanded in accordance with the opinion; Hill, Circuit Judge, dissenting
2–20–73	Mandate to Tax Court
3– 1–73	Receipt—Mandate
3– 2–73	Letter to panel re: record
3–13–73	ORIG ROA to Clerk, Volumes I thru IV
3–26–73	Receipt—ORIG ROA, Vols I thru IV
4–19–73	Copy of letter Granting extension of time to file a petition for writ of certiorari to 6–25–73
7– 3–73	Supreme Court Notice of Filing Petition for Certiorari, 6–25–73, 73–9

PETITION

(Filed February 25, 1970)

THE TAX COURT OF THE UNITED STATES

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY, Petitioner, vs. COMMISSIONER OF INTERNAL REVENUE, Respondent.	Docket No. 1081-70

PETITION

The above-named petitioner hereby petitions for a redetermination of the deficiency set forth by the Commissioner of Internal Revenue in his notice of deficiency (bearing symbols AP:KC:HWL:FMC:dDd-90D) dated December 17, 1969, and, as a basis of this proceeding, alleges as follows:

1. The petitioner, National Alfalfa Dehydrating and Milling Company, (hereinafter "National Alfalfa") is a Delaware corporation with its principal office at Cloverleaf 1 Building, 6811 West 63rd Street, P.O. Box 500, Shawnee Mission, Kansas 66201. The return for the period here involved, taxable year ended April 30, 1967, was filed with the District Director of Internal Revenue for the District of Kansas, Wichita, Kansas.

2. The notice of deficiency, a copy of which is attached hereto and marked Exhibit "A", was mailed to the petitioner on December 17, 1969.

3. The Commissioner determined a deficiency in the U.S. corporation income tax of petitioner for the taxable fiscal year ended April 30, 1967 in the amount of $147,-949.76 based upon a disallowance of the deduction for amortization of the discount on debentures of petitioner and based upon a recomputation of the net operating loss deductions of petitioner for taxable years ending April 30, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965 and 1966 due to the disallowance of the amortized bond discount deductions for those years.

4. The determination of tax set forth in said notice of deficiency is based upon the following errors:

(a) The Commissioner erred in determining that petitioner, National Alfalfa, was not entitled to a deduction for amortization of the discount on debentures of National Alfalfa in the amount of $109,804.00 for the taxable year ended April 30, 1967, said disallowance of the deduction for that year being allegedly based on the fact that the difference between the face value of the bonds issued in 1957 for certain then outstanding cumulative preferred stock and the fair market value of the preferred stock on the date on which they were exchanged did not, considering the character of the exchange, constitute bond discount.

(b) The Commissioner erred in determining that petitioner, National Alfalfa, was not entitled to a portion of its claimed net operating loss carry-forward deduction for the taxable years ended April 30, 1958 through April 30, 1966 amounting to $321,657.00 because of the Commissioner's disallowance for said periods of the deduction for amortization of the discount on debentures of National Alfalfa, said disallowances of the deductions for said years being allegedly based on the fact that the difference between the

face value of the bonds issued in 1957 for certain then outstanding cumulative preferred stock and the fair market value of the preferred stock on the date on which they were exchanged did not, considering the character of the exchange, constitute bond discount.

5. The facts upon which the petitioner relies as the basis for this case are as follows:

(a) On July 23, 1957 the preferred stockholders of National Alfalfa agreed to exchange their $50 par value preferred stock in National Alfalfa for 18-year 5% sinking fund debenture bonds of National Alfalfa due in 1975. The exchange of the preferred stock for the debenture bonds was treated as a taxable exchange by the preferred stockholders, as required by Section 302(a) of the Internal Revenue Code of 1954, as amended, and as required by the U.S. Treasury Department in a ruling letter dated May 29, 1957, a copy of which ruling letter is attached hereto and marked Exhibit "B".

(b) At the time of the exchange there were 47,059 shares of 5% cumulative preferred stock of National Alfalfa with a par value of $50 per share issued and outstanding the fair market value of which was $33 per share which represented an aggregate fair market value of $1,552,947.

(c) National Alfalfa in accordance with action of its Board of Directors taken April 8, 1957 issued $2,352,950 of its 5% sinking fund debenture bonds due in 1975 in exchange for its preferred stock with an aggregate fair market value of only $1,552,947 and thus incurred bond discount amounting to $800,003. According to the Internal Revenue laws (Sec. 1.61-12 (c)(3) Income Tax Regulations) said discount was

deductible and properly amortizable over the life of the bonds. The deductions for the amortization of discount on the bonds were taken on National Alfalfa's tax returns for the taxable years 1958 through 1967 based upon the appropriate discount for bonds reacquired during each of said years as well as a prorated amount of discount for the bonds still outstanding at the end of National Alfalfa's annual accounting period.

(d) The deduction claimed for bond discount amortization by National Alfalfa in each respective year was as follows:

Year Ended	Amount of bond discount amortization
4/30/58	$ 37,037.00
4/30/59	63,377.00
4/30/60	59,317.00
4/30/61	28,743.00
4/30/62	41,813.00
4/30/63	27,751.00
4/30/64	52,186.00
4/30/65	60,071.00
4/30/66	25,900.00
4/30/67	109,804.00
	$505,999.00

(e) The 5% sinking fund debenture bonds due in 1975 issued in exchange for the preferred stock represented and represent valid and subsisting indebtedness in the original face amount of $2,352,950 within the meaning of the Internal Revenue laws and expressed an unconditional and legally enforceable

obligation to pay their face amount upon redemption on the part of National Alfalfa.

(f) The determinations of the Commissioner set forth in Exhibit "A" attached hereto, are arbitrary, discriminatory and in total disregard of the applicable Internal Revenue laws (Sec. 1.61-12(c)(3) Income Tax Regulations) in that the petitioner, National Alfalfa, properly deducted on its U.S. corporation income tax returns in all the years in question the appropriate amount of bond discount amortization to which it was entitled under the foregoing facts and applicable federal income tax laws, and since the Commissioner improperly disallowed in the years in question portions of petitioner's net operating loss carryforward attributable to the deduction for amortized bond discount in each respective year.

6. Wherefore the petitioner prays that the Court hear the proceeding and:

1. Determine that the Commissioner erred as alleged in each assignment of error set forth in paragraph 4 above.

2. Determine that the petitioner was and is entitled to the deduction for amortization of bond discount with respect to the debenture bonds for each year in question.

3. Determine that the petitioner is entitled to the portions of its net operating loss carry-forward disallowed by the Commissioner for the years in question.

4. Find that there is no deficiency in the corporate income tax of petitioner for the year 1967.

5. Give such other and further relief as the Court may deem proper.

/s/ James J. Melching
James J. Melching
/s/ Charles W. Hess
Charles W. Hess
3rd Floor-Columbia Union
National Bank Building
Kansas City, Missouri 64106
HA 1-6388
Counsel for Petitioner

STATE OF NEBRASKA)
) ss:
COUNTY OF HOLT)

Charles R. Peterson, President of National Alfalfa Dehydrating and Milling Company, petitioner in the foregoing Petition in the Tax Court of the United States, being duly sworn, says that he has read the foregoing petition, or has had the same read to him, and is familiar with the statements contained therein, and the statements contained therein are true, except those stated upon information and belief, and those he believes to be true; that he is duly authorized as President of Petitioner to verify the foregoing petition.

/s/ Charles R. Peterson
President
National Alfalfa Dehydrating
and Milling Company

Sworn to and subscribed before me this 3 day of Feb., 1970.

/s/ William J. Edwards

[Seal]

My Commission Expires: Jan. 19, 1972.

Exhibit A

P.O. Box 13606, Commerce Post Station, Kansas City, Mo. 64199

US Treasury Department

Regional Commissioner
Internal Revenue Service
Midwest Region

Date: DEC 17 1969 | In reply refer to: M:C:P:AM:Gardner:JD

National Alfalfa Dehydrating and Milling Company
Cleveland & Lathrop
Gill Unit (Old Forest, P.O. Box 503)
Excelsior Springs, Missouri 64024

Gentlemen:

Taxable Year Ended	Deficiency
April 30, 1967	$147,049.75

This letter is to notify you--as required by law--that we have determined the income tax deficiencies shown above. I regret we have been unable to reach a satisfactory agreement in your case. The enclosed statement shows how the deficiencies were computed.

If you do not intend to contest this determination in the Tax Court of the United States, please sign and return the enclosed waiver form. This will permit an early assessment of the deficiencies and limit the accumulation of interest. The enclosed pre-addressed envelope is for your convenience.

If you decide not to sign and return the waiver, the law requires that after 90 days from the date of this letter (150 days if this letter is addressed to you outside the United States and the District of Columbia) we assess the deficiencies and take action to collect the tax. However, if within the time stated you contest this determination by filing a petition with the Tax Court, we may not assess any deficiencies for these years until after the Tax Court has decided your case.

You may obtain a copy of the rules for filing a petition with the Tax Court by writing to the Clerk, Tax Court of the United States, Box 70, Washington, D. C. 20044.

Sincerely yours,
[illegible]
Commissioner
By
/s/ Albert E. Tager
Albert E. Tager
Chief, Appellate Branch Office

Enclosures:
Waiver, Form 870
Statement
Pre-addressed envelope

Form L-31A (Rev. 6-69)

Form 4089 (January 1961)	U.S. TREASURY DEPARTMENT - INTERNAL REVENUE S.	CE	SYMBOLS: AP:EC:MTL:EJC: dcd-209
	STATUTORY NOTICE STATEMENT		

National Alfalfa Dehydrating and Milling Company
Cloverleaf I Building
6811 West 63rd Street
P.O. Box 500
Shawnee Mission, Kansas 66201

KIND OF TAX		
Income		
TAXABLE YEAR ENDED		DEFICIENCY
April 30, 1967		$147,949.76

☒ Copy to Authorized Representative: Mr. James H. Weiner
2900 Commerce Tower
Kansas City, Missouri 64199

[-2-]

Form 3613 (Rev. December 1967)	U.S. TREAS. DEPARTMENT - INTERNAL REVENUE SERVICE CORPORATION INCOME TAX	STATEMENT [illegible]

NAME	TAXABLE YEARS ENDED		
National Alfalfa Dehydrating and Milling Company			April 30, 1967
TAXABLE INCOME AS SHOWN IN:	$	$	$
☒ RETURN AS FILED			124,499.80
☐ PRELIMINARY LETTER DATED			
☐ STATUTORY NOTICE DATED			
INCREASES-(DECREASES) IN INCOME (See attached explanation of items)			
(a) Credit for non-highway use of gasoline			3,062.22
Taxable income to which you have qualified acceptance by execution of Form 870			127,562.02
(b) Amortization of discount on debentures			109,804.00
(c) Net operating loss deduction			321,657.00
TAXABLE INCOME AS REVISED	$	$	$559,023.02
LESS: EXCESS OF NET LONG-TERM CAPITAL GAIN OVER NET SHORT-TERM CAPITAL LOSS			
INCOME SUBJECT TO TAX	$	$	$559,023.02
PARTIAL TAX	$	$	$261,831.05
ADD: 25% OF EXCESS SHOWN ABOVE			
SUBTOTAL	$	$	$261,831.05
OTHER (ADDITIONAL SURTAXES, CREDITS, ETC.)			
Investment Credit			77,849.27
INCOME TAX LIABILITY	$	$	$183,981.78
INCOME TAX PREVIOUSLY ASSESSED			
Original return - DLN 463122009003			34,981.98
Additional - DLN 4634729300200			1,050.04
DEFICIENCY (OVERASSESSMENT)	$	$	$147,949.76

TAX COMPUTATION

National Alfalfa Dehydrating and Milling Company

Statement

Taxable Year Ended April 30, 1967

Explanation of Adjustments

(a) This represents an adjustment to which you have previously signified acceptance by execution of Form 870 and on which the tax has been assessed.

(b) The difference between the face value of the bonds issued and the fair market value of the preferred stock on the date of the exchange does not, considering the character of the exchange, constitute bond discount and, thus, amortization thereof is not a proper deduction. Therefore, taxable income is increased $109,804.00.

(c) Since amortization of bond discount is not allowable as explained in adjustment (b), claimed amortization is eliminated in computing the net operating carryforward. Therefore, the net operating loss deduction is adjusted as follows:

As shown on return	$800,319.75
As revised, see Exhibit A	478,662.75
Increase in taxable income	$321,657.00

Other Adjustments

The investment credit is recomputed as follows:

Tax as recomputed (A)	$261,831.05	
Lesser of (A) or $25,000.00		$25,000.00
28.51664% of ($261,831.05 less $25,000.00)		67,642.83
Total		$92,642.83
Less 7% of suspension period property		14,793.56
Investment credit		$77,849.27

*Per preliminary letter

EXHIBIT 2

NATIONAL HEALTH LABORATORIES, INC. Milling Company

TAXABLE YEARS ENDED APRIL 30, 1962

COMPUTATION OF NET OPERATING LOSS DEDUCTION

	Y.E. 4-30-57	Y.E. 4-30-58	Y.E. 4-30-59	Y.E. 4-30-60	Y.E. 4-30-61	Y.E. 4-30-62	Y.E. 4-30-63	Y.E. 4-30-64	Y.E. 4-30-65	Y.E. 4-30-66	
TAXABLE INCOME OR LOSS BEFORE NET OPERATING LOSS DEDUCTION	(729,333.00)	(1,264,430.00)	257,890.00		75,262.00	(93,687.00)	466,384.00	1,151,178.00	(934,497.00)	229,792.25	
(a) ELIMINATION OF BOND DISCOUNT ADJUSTMENT	37,037.00	63,377.00	59,310.00		25,743.00	41,813.00	27,751.00	56,126.00	62,037.00	25,900.00	
(b) DEPRECIATION EXPENSE			59.00		5,182.00						
(c) VACATION PAY ACCRUAL									(1,775.00)		
TAXABLE INCOME OR LOSS AS REVISED	(692,296.00)	(1,201,053.00)	317,259.00		109,193.00	(51,874.00)	494,135.00	1,207,304.00	(874,335.00)	255,692.25	
ABSORPTION OF NET OPERATING LOSSES:											TOTAL
Y.E. 4-30-56			(44,672.00)								(44,672.00)
4-30-57			(272,587.00)		(109,193.00)						(381,780.00)
4-30-58							(201,053.00)				(201,053.00)
4-30-59							(191,562.00)	(1,009,991.00)			(1,201,553.00)
4-30-62								(51,874.00)			(51,874.00)
4-30-65								(141,999.00)		(255,692.25)	(397,691.25)
SUMMARY:											
NET OPERATING LOSS - Y.E. 4-30-65		876,354.00									
ABSORBED											
Y.E. 4-30-67	141,999.00										
Y.E. 4-30-66	255,692.25	397,691.25									
NET OPERATING LOSS DEDUCTION - Y.E. 4-30-67		478,662.75									

(a) and (c) These adjustments agree to the computation of net operating loss carryforwards as shown on returns.

Exhibit B

U. S. TREASURY DEPARTMENT
Washington 25

May 29, 1957

T:R:R
LGH

Mr. James J. Davis
1342-43 Fidelity-Philadelphia Trust
Building
123 South Broad Street
Philadelphia 9, Pennsylvania

Dear Mr. Davis:

This is in reply to your letter of April 17, 1957, written on behalf of the National Alfalfa Dehydrating and Milling Company, Lamar, Colorado, requesting a ruling as to the effect for Federal income tax purposes of a proposed recapitalization. Your letter of April 23, 1957, submitting additional information in regard to the matter has also been received.

National Alfalfa Dehydrating and Milling Company (hereinafter referred to as Company) was incorporated on May 4, 1946, under the laws of Delaware, to engage in the business of dehydrating and milling alfalfa. The balance sheet as of February 28, 1957, which was submitted discloses that there were outstanding 47,059 shares of 5% Cumulative Preferred Stock, par $50. per share, and 790,000 shares of Common Stock, par $1. per share. The Surplus Accounts were as follows:

Capital Surplus		$3,378,361.61
Earned Deficit		(257,180.91)
Operating Profit or Loss for Ten Months	$255,375.37	
Profit or loss on sale of Capital Assets	(380.27)	
Less Reserve for Federal and State Income Taxes	(12,000.00)	242,995.10
		$3,364,175.80

The dividend arrearage on the preferred stock will be $10.00 per share as of June 1, 1957.

It is stated that on April 8, 1957, the Board of Directors adopted a recapitalization plan under the terms of which the following stock and securities would be issued in exchange for all of Company's presently outstanding stocks:

Presently Outstanding	Stock and Securities to be Issued
47,059 shares 5% Cumulative preferred stock, par $50. per share	$2,352,950., 5% Debenture Bonds due 1975
Dividend arrearage on the 47,059 shares of preferred stock as of June 1, 1957—$10.00	Warrant to subscribe for 1/2 share of common stock of a par value of $3. per share at $10. per share
790,000 shares common stock, par value $1.00 per share	790,000 shares common stock par value $3.00 per share

The new debentures would be issued pursuant to an Indenture between Company and Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania a page proof copy of which Indenture has been submitted and is incorporated herein by way of reference. Some of the

more important provisions are (1) the Debentures are direct obligations of Company, but are not secured; (2) the Debentures will be dated August 1, 1957, and are to mature July 1, 1975, and are to bear interest at the rate of 5% per annum, payable semi-annually on January 1 and July 1 in each year; (3) the Debentures are subordinate to all bank loans for inventory purposes and obligations of Company to suppliers of materials, services and labor incurred in the normal course of business; (4) the Debentures are redeemable at the option of Company, as a whole or in part, from time to time, on at least 60 days published notice after July 1, 1958, and prior to July 1, 1975, at 100% of par, plus accrued interest to the date of redemption; and (5) the Company will pay to the Trustees annually commencing 90 days after April 30, 1959, as and for a contingent sinking fund for the redemption of Debentures at 100% with interest accrued to the date fixed for redemption an amount which shall be the lesser of the sum sufficient to redeem $196,080. principal amount or an amount equal to 100% of the consolidated net earnings for the next fiscal year of Company. The Company will accrue 100% of its net earnings commencing on May 1, 1957, and set aside such sum to be able to meet the sinking fund provisions. If in any year 100% of the net earnings does not equal $196,080., such deficiency will accrue against future earnings of the Company and will be paid over to the Trustee in such future years in order that 1/12th of the entire amount of the issue will be retired for each year subsequent to April 30, 1959. The Company reserves the right to purchase in the open market Debentures for sinking fund purposes.

It was stated orally that The Securities and Exchange Commission has now given its approval. A vote of 66⅔% of each of the classes of stock is required under Delaware law to approve the recapitalization plan and it is expected

that such plan will be submitted to the stockholders at the annual meeting to be held on July 23, 1957.

The principal business reason for the recapitalization is the Company's expansion into eastern producing areas in February, 1957, which made its credit requirements at least 50% greater in order to carry increased inventories.

Based solely on the information submitted it is concluded as follows:

(1) The exchange by the holders of $1. par value common stock for $3. par value common stock, on the basis described above, will constitute a recapitalization and, therefore, a reorganization, within the meaning of section 368(a)(1)(E), of the Internal Revenue Code of 1954. No gain or loss will be recognized to Company as a result of the exchanges.

(2) No gain or loss will be recognized to the holders of common stock as a result of the exchange of common stock (section 354(a)). The basis to each stockholder of the stock received will be the same as the cost or other adjusted basis of the stock surrendered (section 358(a)). The holding period of the stock received will include the holding period of the stock surrendered in the exchange (section 1223)).

(3) Assuming but not determining that the 5% debenture bonds to be issued qualify as securities (create a genuine relationship of debtor and creditor), gain or loss will be recognized to the preferred stockholders from the exchange of 5% cumulative preferred stock, par $50., and the dividend arrearage thereon of $10. per share as

of June 1, 1957, for debenture bonds and warrants to subscribe for the new common stock at $10. per share (section 302(a)). The gain or loss recognized from the exchange will be measured by the difference between the cost or other adjusted basis of the preferred stock surrendered and the fair market values of the debentures and warrants received and such gain or loss will constitute capital gain or loss subject to the applicable provisions and limitations of Subchapter P Part I of Subtitle A of the Code.

The basis of the debentures and the warrants received by the holders of the old preferred stock will be the fair market values used in the determination of the recognizable gain or loss.

(4) The fair market values prevailing on the date the Plan is declared effective are the values to be assigned to the debentures and the warrants received in the exchange.

It is important that a copy of this letter be attached to the income tax return of each taxpayer involved filed for the year in which the transaction is consummated.

Very truly yours,

/s/ Frances B. Rapp
Chief, Reorganization and
Dividend Branch

ANSWER

(Filed May 1, 1970)

UNITED STATES TAX COURT

[CAPTION OMITTED]

ANSWER

THE RESPONDENT, in answer to the petition filed in the above-entitled case. admits and denies as follows:

1. to 3., inclusive. Admits the allegations contained in paragraphs 1. to 3., inclusive, of the petition.

4. (a) and (b). Denies the Commissioner erred as alleged in subparagraphs (a) and (b) of paragraph 4. of the petition, or in any manner.

5. (a) to (c), inclusive. Denies the allegations of fact contained in subparagraphs (a) to (c), inclusive, of paragraph 5. of the petition.

5. (d) Admits petitioner claimed bond discount amortization as set forth in subparagraph (d) of paragraph 5. of the petition.

5. (e) and (f). Denies the allegations of fact contained in subparagraphs (e) and (f) of paragraph 5. of the petition.

6. Denies generally and specifically each and every allegation of the petition not hereinbefore expressly admitted, qualified or denied.

WHEREFORE, it is prayed that the deficiency determined by the respondent be in all respects approved.

/s/ K. Martin Worthy
K. Martin Worthy
Chief Counsel,
Internal Revenue Service.

Of Counsel:
Frank C. Conley,
Regional Counsel,
David A. Pierce,
Attorney,
Internal Revenue Service,
2700 Federal Office Building,
Kansas City, Missouri 64106.

STIPULATION OF FACTS

(Filed February 22, 1971)

UNITED STATES TAX COURT

[CAPTION OMITTED]

STIPULATION OF FACTS

IT IS HEREBY STIPULATED THAT, for the pu poses of this case, the following statements may be a cepted as facts and constitute all of the facts in this ca and all exhibits referred to herein and attached here are incorporated in this stipulation and made a part here subject to the right of either party to object to the a mission of such facts in evidence on the grounds of m teriality and relevancy.

1. National Alfalfa Dehydrating and Milling Co pany (hereinafter referred to as National Alfalfa) is Delaware corporation with its principal office at Clove leaf 1 Building, 6811 West 63rd Street, Post Office Bo 500, Shawnee Mission, Kansas 66201. National Alfalfa wa duly incorporated on May 4, 1946 under the laws of Del ware to engage in the business of dehydrating and millin alfalfa.

2. Attached hereto and marked Exhibits 1-A throug 9-I are copies of Federal income tax returns filed by Na tional Alfalfa for its taxable years ended April 30, 195 through April 30, 1960 and April 30, 1962 through Apr

30, 1967, respectively. Also attached hereto and marked Exhibit 10-J is a photo copy of National Alfalfa's retained copy of the income tax return filed by it for its taxable year ended April 30, 1961 which is a true and accurate representation of the return filed by National Alfalfa for that fiscal year with the District Director of Internal Revenue.

3. Prior to July 23, 1957, National Alfalfa had 47,059 shares of its $50 par value cumulative preferred stock issued and outstanding. The dividend arrearages on each of these shares of preferred stock amounted to $10 as of July 23, 1957.

4. On April 8, 1957 the Board of Directors of National Alfalfa passed a resolution authorizing $2,352,950 in 5% sinking fund debenture bonds to be issued in exchange for National Alfalfa's outstanding preferred stock. Attached hereto and marked Exhibit 11 is a copy of this resolution.

5. If called as witnesses in this case the members of the Board of Directors during 1957 would testify that the principal business purpose behind the 1957 exchange of debentures for the preferred stock was to enable National Alfalfa to expand its eastern producing areas. In order to expand into the eastern areas National Alfalfa's credit requirements for carrying inventory were increased by 50%. To improve National Alfalfa's credit status this transaction also included the issuance of certain warrants to the cumulative preferred share holders which permitted the holder to purchase common stock of National Alfalfa at a stated price in order to eliminate the dividend arrearages owed to them. In addition, the cancellation of the preferred stock and elimination of the dividend arrearages, made it possible for National Alfalfa to declare dividends to the common stockholders thereafter.

6. Attached hereto and marked Exhibit 12 is a copy of the indenture dated July 1, 1957 between National Alfalfa and Fidelity-Philadelphia Trust Company, as trustee.

7. Attached hereto and marked Exhibit 13 is a specimen copy of the debentures containing the terms and conditions thereof.

8. Attached hereto and marked Exhibit 14 is a specimen copy of the warrants containing the terms and conditions thereof.

9. On July 23, 1957 the cumulative preferred stockholders of National Alfalfa exchanged their preferred stock of National Alfalfa for the debenture bonds of National Alfalfa due in 1975. Each unit of the debenture had a fixed maturity value of $50.

10. The preferred stock received by National Alfalfa in exchange for the debenture was retired and cancelled upon the issuance of the bond indebtedness by an entry on National Alfalfa's books debiting preferred stock for $2,352,950 thereby completely eliminating the preferred stock account and crediting the liability account for 18 year 5% debentures for the same amount. Attached hereto and marked Exhibit 15 is a photocopy of the above stated Journal Entry dated August 1, 1957.

11. On behalf of National Alfalfa, Fidelity-Philadelphia Trust Company requested a ruling from the United States Treasury Department. Attached hereto and marked Exhibit 16 is a photocopy of the United States Treasury Department's ruling letter signed by Francis B. Rapp and dated May 29, 1957, in reply to the request for ruling. (Respondent objects to the admission into evidence of the foregoing facts and Exhibit 16 on the grounds of materialty and relevancy.)

12. On its return for its fiscal year ended April 30, 1958 National Alfalfa used the fair market value of $33 per share to determine the disallowed debt discount expense.

13. Attached hereto and marked Exhibit 17 is a copy of a letter from Francis I. Dupont and Company dated August 14, 1959 which accurately reflects the quoted over-the-counter market value of National Alfalfa preferred stock during the period July 15, 1957 through July 30, 1957, inclusive.

14. Attached hereto and marked Exhibit 18 is a copy of the National Stock Summary dated October 1, 1957 relating to actual trades and established prices of the preferred stock of National Alfalfa made in July, 1957.

15. As a result of the exchange in 1957 National Alfalfa claimed a deduction for debt discount attributable to the aggregate amount of the difference between the face value of the debentures ($2,352,950) and the determined fair market value of the preferred stock on the date of the exchange ($1,552,947). The difference of $800,003 was accordingly amortized over the years 1957 through 1975 and appropriate amounts were taken as deductions each year through April 30, 1967.

16. The deduction claimed by National Alfalfa each year for debt discount was computed on the basis of the total of two different variables.

1. The unamortized discount of bonds redeemed or repurchased and retired by National Alfalfa in the year of the deduction, and

2. The annual straight line amortization on those bonds still outstanding at the end of the year.

17. The deduction for discount taken by National Alfalfa on its Federal Income Tax Returns for its fiscal years ended April 30, 1958 through April 30, 1967 are as follows:

Year Ended	Unamortized Discount On Bonds Currently Repurchased or Redeemed	Straight-Line Amortization	Total
4/30/58	–0–	37,037.00	37,037.00
4/30/59	20,104.00	43,273.00	63,377.00
4/30/60	17,007.00	42,310.00	59,317.00
4/30/61	–0–	28,743.00	28,743.00
4/30/62	14,062.00	27,751.00	41,813.00
4/30/63	–0–	27,751.00	27,751.00
4/30/64	26,624.00	25,562.00	52,186.00
4/30/65	37,903.00	22,168.00	60,071.00
4/30/66	4,139.00	21,761.00	25,900.00
4/30/67	98,824.00	10,980.00	109,804.00
			505,999.00

18. As required by the indenture a sinking fund was established in order to secure funds to redeem the debenture bonds. In lieu of making all or any part of the sinking fund payments in cash National Alfalfa is also authorized by the terms of the indenture in Article VI to deliver outstanding debentures to the sinking fund trustee which have either been redeemed or purchased by National Alfalfa on the open market.

19. National Alfalfa has at all times been on schedule following the provisions of the sinking fund and is not now nor at any time pertinent hereto been in default of any of the terms of the indenture. Attached hereto and marked Exhibit 19 is a composite report from the trustee of the sinking fund showing National Alfalfa's compliance

with the provisions of the indenture relating to the sinking fund.

20. As of April 30, 1967, only 11,626 of the original 47,059 debenture bonds of National Alfalfa remained outstanding, as a result of the sinking fund trustee and National Alfalfa having redeemed or otherwise repurchased and retired the other 35,433 debentures.

21. Attached hereto and marked Exhibit 20 is a photocopy of the Notice of Annual Meeting of Stockholders dated June 21, 1957.

22. Attached hereto and marked Exhibit 21 is a specimen copy of the 5% Cumulative Preferred Stock of the par value of $50.00 per share of National Alfalfa which was exchanged share for share for $50.00 Debentures on July 23, 1957.

23. Attached hereto and marked Exhibit 22 is a photocopy of Composite Certificate of Incorporation of National Alfalfa dated May 3, 1946.

/s/ James J. Melching
/s/ Charles W. Hess
Counsel for Petitioner
/s/ K. Martin Worthy,
K. Martin Worthy,
Chief Counsel,
Internal Revenue Service

524-785 O - 73 - 3

STIPULATION EXHIBIT 1–A

Corporation Income Tax Return (Form 1120) for Taxable Year Ending April 30, 1958, and Amended Return for Same Period.

FORM **1120**

U. S. Treasury Department
Internal Revenue Service

U. S. CORPORATION INCOME TAX RETURN

FOR CALENDAR YEAR 1957

or other taxable year beginning May 1, 1957,
and ending April 30, 1958

1957

Do not write in space below

CR 301

PLEASE TYPE OR PRINT PLAINLY

Name
National Alfalfa Dehydrating and Milling Company

Number and street

City or town, postal zone number, county, State
Lamar, Colorado

RECEIVED
INT. REV.
DENVER

A. Date incorporated 5-4-40

B. Place incorporated Delaware

C. Business group code number and principal business activity (See page 8 of Instructions)
419 Mfr. and sales of Alfalfa meal

D. Did the corporation at any time during the taxable year own 50 percent or more of the voting stock of a domestic corporation? ☒ Yes ☐ No
Did any corporation, individual, partnership, trust, or association at any time during the taxable year own 50 percent or more of the corporation's voting stock? ☐ Yes ☒ No
If either answer is "Yes," attach separate schedule showing:
(1) name and address;
(2) percentage of stock owned; Schedule 4
(3) date stock was acquired; and
(4) the District Director's office in which the income tax return of such corporation, individual, partnership, trust, or association for the last taxable year was filed.

E. If corporation is a cooperative association, check whether:
(1) ☐ farmers' marketing or a farmers' purchasing cooperative association,
(2) ☐ consumers' cooperative association, or
(3) ☐ other cooperative association.

F. Check if taxpayer is a sole proprietorship ☐ or partnership ☐ electing under section 1361 to be taxed as a corporation.

G. Did the corporation, during the taxable year, have any contracts or subcontracts subject to the Renegotiation Act of 1951? ☐ Yes ☒ No
If answer is "Yes," state the approximate aggregate gross dollar amount billed during the taxable year under all such contracts and/or subcontracts. (See Instruction G-(4)) $

H. Did the corporation at any time during the taxable year own directly or indirectly any stock of a foreign corporation? ☐ Yes ☒ No
If answer is "Yes," attach statement as required by Instruction K.

I. Enter amount of income (or deficit) from:
(a) line 32, page 3, Form 1120, 1955 $ (775,290.87)
(b) line 32, page 3, Form 1120, 1956 556,381.37

J. Is this a consolidated return of an affiliated group of corporations? (See Instruction I) ☐ Yes ☒ No
If answer is "Yes," Form 1122 must be attached for each subsidiary.

K. Is taxpayer a personal holding company? ☐ Yes ☒ No
If answer is "Yes," Schedule 1120 PH must be attached.

L. Did the corporation make a return of information on Forms 1096 and 1099 for the calendar year 1957 in connection with:
Taxable dividends None ☐ Yes ☐ No
Other payments ☒ Yes ☐ No
(See Instruction G-(1).)

M. Is taxpayer a resident foreign corporation? (See Instruction H) ☐ Yes ☒ No

FILL IN REMAINDER OF THIS PAGE AFTER COMPLETING PAGES 2 AND 3

▶ Enter amounts shown on page 2, if none write "None": line 1, $8,170,932.19 line 4, $ None line 15, $1,542,674.95

COMPUTATION OF TAX DUE OR REFUND

1. Total income tax (line 50, page 3)		$ None
2. Credits for amounts paid on 1957 income tax:		
A. Tax paid with application for extension of time in which to file	$	
B. Payments and credits on 1957 Declaration of Estimated Tax	4,800.00	$ 4,800.00
3. If tax (line 1) is larger than payments (line 2), the balance is **TAX DUE.** Enter such balance here ▶ (For installment payments see Instruction D.)		$
4. If payments (line 2) are larger than tax (line 1) Enter the **OVERPAYMENT** here ▶		$ 4,800.00
5. Enter amount of line 4 you want: Credited on 1958 estimated tax $		
Refunded $ 4,800.00		

SIGNATURE AND VERIFICATION (See Instruction E)

I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return.

June 13, 1958 (Date) — (Signature of officer) — Treasurer (Title) — CORPORATE SEAL

I declare under the penalties of perjury that I prepared this return for the taxpayer named herein; and that this return (including any accompanying schedules and statements) is, to the best of my knowledge and belief, a true, correct, and complete return based on all the information relating to the matters required to be reported in this return of which I have any knowledge.

JUN 12 '58 (Date) — Peat, Marwick, Mitchell & Co. (Individual or firm signature) — PEAT, MARWICK, MITCHELL & CO. 817 SEVENTEENTH STREET DENVER 2, COLORADO (Address)

FORM 1120

Form 1120–1957 **TAXABLE INCOME COMPUTATION**

Instruction and Line No.

GROSS INCOME

1. Gross sales (where inventories are an income-determining factor) $ ..... ; Less: Returns and allowances $			$ 8,170,932.19
2. Less: Cost of goods sold (Schedule A) ..... SCHEDULE 2			6,665,706.26
3. Gross profit from sales			$ 1,505,225.93
4. Gross receipts (where inventories are not an income-determining factor)	$		
5. Less: Cost of operations (Schedule B)			
6. Gross profit where inventories are not an income-determining factor			
7. Dividends (Schedule C)			
8. Interest on loans, notes, mortgages, bonds, bank deposits, etc.			618.16

	Gross Amount of Interest	Less: Amortizable Bond Premium	
9. Interest on corporation bonds, etc.	$	$	
10. Interest on obligations of the United States, etc.:			
(a) Issued prior to March 1, 1941—(1) U. S. savings bonds and Treasury bonds owned in excess of the principal amount of $5,000, and (2) obligations of an instrumentality of the U. S.			
(b) Obligations issued on or after March 1, 1941, by the U. S. or any agency or instrumentality thereof.			

11. Rents	
12. Royalties	
13. Gains and losses (from separate Schedule D):	
(a) Net short-term capital gain reduced by any net long-term capital loss	
(b) Net long-term capital gain reduced by any net short-term capital loss SCHEDULE 3	18,727.26
(c) Net gain (or loss) from sale or exchange of property other than capital assets	
14. Other income (itemize):	18,103.60
15. Total income in lines 3, and 6 to 14, inclusive	$ 1,542,674.95

DEDUCTIONS

15. Compensation of officers (Schedule E) ..... SCHEDULE 4	$ 123,891.63
17. Salaries and wages (not deducted elsewhere)	163,458.09
18. Rents	125,675.04
19. Repairs (Do not include cost of improvements or capital expenditures)	481,785.12
20. Bad debts (Schedule F) ..... SCHEDULE 4	5,842.79
21. Interest	215,255.94
22. Taxes (Schedule G) ..... SCHEDULE 4	124,425.70
23. Contributions or gifts paid (Schedule H) ..... SCHEDULE 6	
24. Losses by fire, storm, shipwreck, or other casualty, or theft (Attach schedule)	

16—72664-1

25. Amortization (Schedule I)		
26. Depreciation (Schedule I) Sch. 2 & 4	354068.16	
27. Depletion of mines, oil and gas wells, timber, etc. (Attach schedule)		
28. Advertising (Attach schedule)	51498.18	
29. Amounts contributed under:		
(a) Pension, annuity, stock bonus, or profit-sharing plans (Attach schedule)		
(b) Other employee benefit plans (Attach schedule)		
30. Other deductions (Schedule K) SCHEDULE 6	324288.04	
31. Total deductions in lines 16 to 30, inclusive		2070188.69
32. Taxable income before net operating loss deduction and special deductions (Loss)		$ (527513.74)
33. Less: Net operating loss deduction (Attach schedule)		
34. Taxable income before special deductions (Loss)		$ (527,513.74)

SPECIAL DEDUCTIONS

35. Deduction for partially tax-exempt interest (net amount entered on line 10 (a))	$	
36. Dividends-received deductions:		
(a) 85% of column 2, Schedule C	$	
(b) 62.115% of column 3, Schedule C		
(c) 85% of dividends received from certain foreign corporations		
37. Total dividends-received deductions (sum of lines 36 (a), (b), and (c) but not to exceed 85 percent of the excess of line 32 over the sum of lines 35 and 39) (See instructions in case of net operating loss)		
38. Deduction for dividends paid on certain preferred stock of public utilities (See instructions in case of net operating loss)		
39. Deduction for Western Hemisphere trade corporations (See instructions in case of net operating loss)		
40. Total special deductions		$
41. Line 34 less line 40 (Enter income or loss here and on line 42(b)) (Loss)		$ (527,513.74)

TAX COMPUTATION FOR CALENDAR YEAR 1957 AND TAXABLE YEARS ENDING ON OR BEFORE JUNE 30, 1958
For other taxable years attach Schedule 1120 FY (See tax computation instructions)

42. (a) Amount of line 35, $ ... (b) plus amount of line 41, $ ... Enter total here →		$ Loss
43. If amount of line 42 is:		
(a) **Not over $25,000—** Enter 30 percent of line 42 (32 percent if a consolidated return)		$
(b) **Over $25,000—** Enter 52 percent of line 42 (54 percent if a consolidated return)	$	
Subtract $5,500, and enter difference	5,500.00	$
44. Adjustment for partially tax-exempt interest. Enter 30 percent of line 35, but not in excess of 30 percent of line 42		$ NONE
45. Normal tax and surtax (line 43 less line 44)		
46. Income tax (line 45, or line 20 of separate Schedule D)	$	
47. Credit allowed a domestic corporation for income taxes paid to a foreign country or United States possession (submit Form 1118)		
48. Balance of income tax (line 46 less line 47)		$
49. Tax under section 541 of the Internal Revenue Code (from Schedule 1120 PH)		$ NONE
50. Total income tax (line 48 plus line 49). **Enter here and on line 1, page 1**		

16—7.4664-1

ASSETS	Beginning of Taxable Year Amount	Beginning of Taxable Year Total	End of Taxable Year Amount	End of Taxable Year Total
1. Cash		$		$
2. Notes and accounts receivable	$		$	
(a) Less: Reserve for bad debts				
3. Inventories: (a) Other than last-in, first-out				
(b) Last-in, first-out				
4. Prepaid expenses and supplies				
5. Investments in governmental obligations: (a) Obligations of a State, Territory, or a possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia		SCHEDULE 1		
(b) Obligations of the United States and its instrumentalities				
6. Mortgage and real estate loans				
7. Other investments (Attach schedule)				
8. Buildings and other fixed depreciable assets				
(a) Less: Accumulated amortization and depreciation				
9. Depletable assets				
(a) Less: Accumulated depletion				
10. Land (net of any amortization)				
11. Intangible assets (amortizable only)				
(a) Less. Accumulated amortization				
12. Other assets (Attach schedule)				
13. Total Assets				
LIABILITIES AND CAPITAL				
14. Accounts payable				
15. Deposits and withdrawable shares				
16. Bonds, notes, and mortgages payable (maturing less than one year from date of balance sheet)				
17. Accrued expenses (Attach schedule)				
18. Bonds, notes, and mortgages payable (maturing one year or more from date of balance sheet)				
19. Other liabilities (Attach schedule)				
20. Capital stock: (a) Preferred stock				
(b) Common stock				
21. Paid-in or capital surplus				
22. Surplus reserves (Attach schedule)				
23. Earned surplus and undivided profits				
24. Total Liabilities and Capital		$		$

Schedule M.—RECONCILIATION OF TAXABLE INCOME AND ANALYSIS OF EARNED SURPLUS AND UNDIVIDED PROFITS

1. Earned surplus and undivided profits at end of preceding taxable year (Schedule L)	$ 95637.91	9. Total distributions to stockholders charged to earned surplus during the taxable year: (a) Cash	$
2. Taxable income before net operating loss deduction and special deductions (line 32, page 3) (1954)	(127,513.74)	(b) Stock of the corporation	
3. Nontaxable Interest on: (a) Obligations of a State, Territory, or a possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia		(c) Other property	
(b) Obligations of the United States issued on or before Sept. 1, 1917; all postal savings bonds		10. Contributions in excess of 5% limitation	442.00
4. Other nontaxable income (Attach schedule)		11. Federal income and excess profits taxes 1954	243.91
5. Charges against surplus reserves deducted from income in this return (Attach schedule)		12. Income taxes of foreign countries or United States possessions if claimed as a credit in whole or in part on line 47, page 3	
6. Adjustments for tax purposes not recorded on books (Attach schedule)		13. Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary	3421.25
7. Sundry credits to earned surplus (Attach schedule) SEE SCHEDULE	204 117.55	14. Unallowable interest incurred to purchase or carry tax-exempt interest obligations	
8. Total of lines 1 to 7	$ 227,767.28	15. Excess of capital losses over capital gains	
		16. Additions to surplus reserves (Attach schedule)	
		17. Other unallowable deductions (Attach schedule)	
		18. Adjustments for tax purposes not recorded on books (Attach schedule)	
		19. Sundry debits to earned surplus (Attach schedule)	
		20. Total of lines 9 to 19	$ 4107.16
		21. Earned surplus and undivided profits (DEFICIT) year (Schedule L) (Line 8 less line 20)	(231,874.44)

Total of the taxable of Schedule M)

NAME National Alfalfa Dehydrating and Milling Co.

CALENDAR YEAR 195__

ADDRESS Lamar, Colorado

FISCAL YEAR ENDING April 30 1958

CORPORATION BALANCE SHEETS

ASSETS	BEGINNING OF TAXABLE YEAR AMOUNT	BEGINNING OF TAXABLE YEAR TOTAL	END OF TAXABLE YEAR AMOUNT	END OF TAXABLE YEAR TOTAL
CASH		587 898 01		126 546 34
NOTES AND ACCOUNTS RECEIVABLE				
LESS: RESERVE FOR BAD DEBTS		236 511 30		602 627 54
INVENTORIES:				
OTHER THAN LAST-IN, FIRST OUT				
LAST-IN, FIRST OUT		455 106 46		924 823 76
PREPAID EXPENSES AND SUPPLIES		367 499 99		476 724 22
INVESTMENTS IN GOVERNMENT OBLIGATIONS: OBLIGATIONS OF A STATE, TERRITORY, OR A POSSESSION OF THE UNITED STATES, OR ANY POLITICAL SUBDIVISION OF ANY OF THE FOREGOING, OR OF THE DISTRICT OF COLUMBIA				
OBLIGATIONS OF THE UNITED STATES AND ITS INSTRUMENTALITIES				
OTHER INVESTMENTS (DETAIL):			112 500 00	
		122 500 00	540 786 46	653 286 46
BUILDINGS AND OTHER FIXED DEPRECIABLE ASSETS	9790 672 93		9526 598 55	
LESS: ACCUMULATED AMORTIZATION AND DEPRECIATION	4627 655 64	763 617 29	3341 581 16	6008 476 39
DEPLETABLE ASSETS				
LESS: ACCUMULATED DEPLETION				
LAND (NET OF ANY AMORTIZATION)		86 446 86		81 446 86
INTANGIBLE ASSETS (AMORTIZABLE ONLY)				
LESS: ACCUMULATED AMORTIZATION				
OTHER ASSETS (DETAIL):				
DEFERRED CHARGES PATENTS	39 897 70		34 795 00	
REFUNDABLE INCOME TAXES			172 189 38	
DEFERRED CHARGES- [illegible]		39 897 70	38 857 10	245 841 48
TOTAL ASSETS		7 659 477 59		9 122 775 10
LIABILITIES AND CAPITAL				
ACCOUNTS PAYABLE		143 129 31		307 100 99
BONDS, NOTES AND MORTGAGES PAYABLE (MATURING LESS THAN ONE YEAR FROM DATE OF BALANCE SHEET)				784 374 54
ACCRUED EXPENSES (DETAIL):				
		164 402 76		156 961 92
BONDS, NOTES AND MORTGAGES PAYABLE (MATURING MORE THAN ONE YEAR FROM DATE OF BALANCE SHEET)		625 000 00		3 495 749 99
OTHER LIABILITIES (DETAIL):				
FEDERAL INCOME TAXES	170 000 00			
DUE TO SUBSIDIARY			4143 000 49	
		170 000 00		44 000 49
CAPITAL STOCK: PREFERRED STOCK	2 352 950 00			
COMMON STOCK	796 000 00	3 142 950 00	2 370 000 00	2 370 000 00
PAID-IN OR CAPITAL SURPLUS	3 378 361 61	3 378 361 61		1 798 361 61
SURPLUS RESERVES (DETAIL):				
EARNED SURPLUS AND UNDIVIDED PROFITS (DEFICIT)		95 633 51		(231 874 44)
TOTAL LIABILITIES AND CAPITAL		7 659 477 59		9 122 775 10

FORM 203M N.A.S.C.O

SCHEDULE 1

NATIONAL ALFALFA DEHYDRATING AND MILLING CO.
INCOME TAX RETURN
YEAR ENDED APRIL 30 1958

Cost of Goods Sold

Hay used			
Beginning inventory			$ 7702.00
Purchases			1981105.04
Harvesting expenses			264895.11
			2253702.15
Forwarding inventory			114473.47
			2242228.68
Bags used:			
Beginning inventory		$ 113485.20	
Purchases		305513.87	
		418999.07	
Ending inventory		85466.68	333532.19
Production costs - direct and indirect			
Salaries		525564.38	
Labor		1522495.55	
Fuel and power		1059011.52	
Auto allowance		46793.89	
Other costs		588941	
Oil for meal		114131.14	
Insurance		204381.01	
Warehouse costs		190178.79	
Laboratory		7851.67	
		24497.38	
Storage gas		16645.60	
Amortization of patents		5102.70	
Trucking meal to blenders		3228010	3809825.14
Finished product:			
Beginning inventory		315142.28	
Purchases		773035.54	
		1088177.82	
Ending inventory		808057.57	280120.25
			$ 6665706.26

SCHEDULE 2

NAME NATIONAL ALFALFA DEHYDRATING & MILLING CO

ADDRESS LAMAR, COLORADO

CALENDAR YEAR ENDED 4-30-58

SCHEDULE OF CAPITAL GAINS AND LOSSES

KIND OF PROPERTY	ACQUIRED	SOLD	SALES PRICE	COST	EXPENSE	DEPRECIATION	GAIN OR (LOSS) TAKEN INTO ACCOUNT FEDERAL LONG TERM	FEDERAL SHORT TERM	%	STATE
Land	varies		5500 00	5000 00			500 00			
Buildings	"		55865 22	108582 17		38921 27	(13795 66)			
Machinery & equipment	"		56656 62	240775 11		208719 04	24608 49	(894)		
Trucks	"		11343 11	110164 32		105817 96	13497 50	1499 35		
Autos	"		5481 28	19116 74		16851 58	3178 62	37 50		
Furniture & fixture	"		550 00	1007 68		808 95	351 07			
Harvesting equipment	"		7525 00	33416 81		27384 31	742 50	750 00		
Laboratory equipment	"		315 00	400 00		130 00	45 00			
Residences & labor houses	"		8855 00	26665 01		10506 74	(7328 21)			
			160086 23	554794 93		403,138 90	21799 20	2277 91		
100 shs. Nalley Hardware Co	1956	10-21-57	1650 06	10 000 00			(5349 94)			
			164736 29	555167 93			16449 26	2277 91		
							2277 91			
							15 727 26			
TOTAL										

FORM 55

SCHEDULE 3

NATIONAL ALFALFA DEHYDRATING AND MILLING CO.
INCOME TAX RETURN
YEAR ENDED APRIL 30, 1958

Compensation of officers

Name and address		Title	Time devoted to business	Compensation
N. A. Hofmann	Sterling Springs, Pa.	President	Part	$ 25654.71
W. P. West	Lamar, Colorado	Vice Pres.	All	13221.61
J. A. Bunch	"	" "	All	12544.81
A. R. McFadden	Kansas City, Mo.	" "	All	22140.00
Grace Estep	Lamar, Colorado	" "	All	11888.51
L. R. Pollack	"	Secretary	All	10767.97
F. N. Reed	"	Treasurer	All	9314.40
W. B. Shackelford	"	Comptroller	All	9314.40
Stanley Cox	"	Asst. V. Pres.	All	9045.22
				$ 123,891.63

Bad debts

Year ended April 30	Net sales	Bad debts written off
1954	$ 7975 633 28	1023.71
1955	9666 615.02	1942.79
1956	7571 373.16	1648.31
1957	8857 524.11	(26.79)
1958	8170 932.19	5842.79

Taxes

Property taxes	$ 91285.27
Payroll taxes	106545.88
Auto and truck licenses	21693.20
Corporation franchise and miscellaneous	4837.04
	224,361.39
State income taxes	64.31
	$ 224425.70

Question 2 - Page 1 (federal return) - 50% or more of voting stock of another domestic corporation owned by National Alfalfa Dehydrating & Milling Co:

(1) Midland Industries, Inc.
(2) 99.825 %
(3) 12-1-57
(4) Denver, Colorado

SCHEDULE 4

NATIONAL ALFALFA DEHYDRATING AND MILLING CO.
INCOME TAX RETURN
YEAR ENDED APRIL 30, 1958

Fixed assets and reserves for depreciation

	Balances beginning of year	Additions	Retirements	Balance - End of year
Property accounts				
Buildings	$ 2991522.98	137853.26	135347.17	2994029.07
Machinery	4776827.22	696714.75	276215.21	5197326.76
Harvesting equipment	998969.58	109660.72	44596.81	1063033.49
Miscellaneous equipment	64790.41	175314	4000	66143.55
Autos and trucks	492051.95	43519.83	12928.96	522642.82
Furniture and fixtures	82263.96	2924.71	1007.88	84180.79
Construction in progress	384246.83	(249191.76)	-	135055.07
	$ 9790672.93	743234.65	583848.03	9950059.55
Reserves for depreciation				
Buildings	$ 664957.67	77148.82	49495.86	692610.63
Machinery	2110470.25	149688.12	23179.93	2028407.44
Harvesting equipment	763334.47	59223.89	35564.31	786994.05
Miscellaneous	41622.58	4031.40	9800	45554.98
Autos and trucks	398071.36	58964.28	122669.54	334366.10
Furniture and fixtures	48599.31	5011.65	-	53610.96
	$ 4027055.64	354068.16	439542.64	3941581.16

SCHEDULE V

NATIONAL ALFALFA DEHYDRATING AND MILLING CO.
INCOME TAX RETURN
YEAR ENDED APRIL 30, 1958

Contributions

Community chest and United Funds	$ 240.00
Boy Scouts of America	75.00
Girl Scouts of America	10.00
Red Cross	15.00
Salvation Army	50.00
Christmas seals	5.00
Other	47.00
Contributions available for carryover to 1959	$ 442.00

Other deductions

Supplies	$ 22492.96
Travel	7,835.98
Telephone and telegraph	8548.19
Postage	709.84
Dues and subscriptions	1992.20
Stock offices	11579.48
Insurance	9721.8
Legal	6135.94
Audit	6449.85
Warehousing costs	20830.48
Commissions and brokerage	67744.20
Collection offices	10217.70
Registration	914.50
Inspection fees	7782.93
Loss on equipment retired	1581.61
	$ 324288.04

Surplus credits

Accrual of refundable federal income tax under loss carry-back provision 1957	$ 167389.38
Overaccrual of income taxes 1957	36723.17
	$ 204112.55

SCHEDULE 6

AMENDED

FORM **1120**
U. S. Treasury Department
Internal Revenue Service

U. S. CORPORATION INCOME TAX RETURN

FOR CALENDAR YEAR 1957

or other taxable year beginning May 1, 1957,
and ending April 30, 1958

1957

Do not write in space below

RECEIVED
SEP 14 1959
DIR. INT. REV.
84 DENVER

PLEASE TYPE OR PRINT PLAINLY

Name
National Alfalfa Dehydrating and Milling Company

Number and street

City or town, postal zone number, county, State
Lamar, Colorado

A. Date incorporated May 4, 1946

B. Place incorporated Delaware

C. Business group code number and principal business activity (See page 8 of Instructions)
419 - Manufacture and sale of alfalfa meal

D. Did the corporation at any time during the taxable year own 50 percent or more of the voting stock of a domestic corporation? ☒ Yes ☐ No
Did any corporation, individual, partnership, trust, or association at any time during the taxable year own 50 percent or more of the corporation's voting stock? ☐ Yes ☒ No
If either answer is "Yes," attach separate schedule showing:
(1) name and address;
(2) percentage of stock owned;
(3) date stock was acquired; and
(4) the District Director's office in which the income tax return of such corporation, individual, partnership, trust, or association for the last taxable year was filed.
Supplied with original return

E. If corporation is a cooperative association, check whether:
(1) ☐ farmers' marketing or a farmers' purchasing cooperative association,
(2) ☐ consumers' cooperative association, or
(3) ☐ other cooperative association.

F. Check if taxpayer is a sole proprietorship ☐ or partnership ☐ electing under section 1361 to be taxed as a corporation.

G. Did the corporation, during the taxable year, have any contracts or subcontracts subject to the Renegotiation Act of 1951? ☐ Yes ☒ No
If answer is "Yes," state the approximate aggregate gross dollar amount billed during the taxable year under all such contracts and/or subcontracts. (See Instruction G-(4)) $

H. Did the corporation at any time during the taxable year own directly or indirectly any stock of a foreign corporation? ☐ Yes ☒ No
If answer is "Yes," attach statement as required by Instruction K.

I. Enter amount of income (or deficit) from:
(a) line 32, page 3, Form 1120, 1955 $ (860,856.87)*
(b) line 32, page 3, Form 1120, 1956 $ 517,206.37 *

J. Is this a consolidated return of an affiliated group of corporations? (See Instruction D) ☐ Yes ☒ No
If answer is "Yes," Form 1122 must be attached for each subsidiary.

K. Is taxpayer a personal holding company? ☐ Yes ☒ No
If answer is "Yes," Schedule 1120 PH must be attached.

L. Did the corporation make a return of information - Forms 1096 and 1099 for the calendar year 1957 in connection with:
Taxable dividends None ☐ Yes ☒ No
Other payments ☒ Yes ☐ No
(See Instruction G-(1).)

M. Is taxpayer a resident foreign corporation? (See Instruction H) ☐ Yes ☒ No

*As amended

FILL IN REMAINDER OF THIS PAGE AFTER COMPLETING PAGES 2 AND 3

▶ Enter amounts shown on page 2, if none write "None": line 1, $ 8,170,932.19 line 4, $ None line 15, $ 1,542,674.95

COMPUTATION OF TAX DUE OR REFUND

1. Total income tax (line 50, page 3)		$ None
2. Credits for amounts paid on 1957 income tax:		
A. Tax paid with application for extension of time in which to file	$	
B. Payments and credits on 1957 Declaration of Estimated Tax		$
3. If tax (line 1) is larger than payments (line 2), the balance is **TAX DUE.** Enter such balance here ▶ (For installment payments see Instruction D.)		$ None
4. If payments (line 2) are larger than tax (line 1) Enter the **OVERPAYMENT** here ▶		$
5. Enter amount of line 4 you want: Credited on 1958 estimated tax $		
Refunded $		

SIGNATURE AND VERIFICATION (See Instruction E)

I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return.

9-11-59 (Date) [signature] (Signature of officer) [signature] (Title)

CORPORATE SEAL

I declare under the penalties of perjury that I prepared this return for the taxpayer named herein; and that this return (including any accompanying schedules and statements) is, to the best of my knowledge and belief, a true, correct, and complete return based on all the information relating to the matters required to be reported in this return of which I have any knowledge.

(Date) Statement attached. (Individual or firm signature) (Address)

815
Card
Date 10-1-59

FORM 1120

Instruction and Line No.	GROSS INCOME			
1.	Gross sales (where inventories are an income-determining factor) $; Less: Returns and allowances $		$ 8,170,932.19	
2.	Less: Cost of goods sold (Schedule A)		6,665,706.26	*
3.	Gross profit from sales		$ 1,505,225.93	
4.	Gross receipts (where inventories are not an income-determining factor)	$		
5.	Less: Cost of operations (Schedule B)			
6.	Gross profit where inventories are not an income-determining factor			
7.	Dividends (Schedule C)			
8.	Interest on loans, notes, mortgages, bonds, bank deposits, etc.		618.16	
		Gross Amount of Interest	Less: Amortizable Bond Premium	
9.	Interest on corporation bonds, etc.	$	$	
10.	Interest on obligations of the United States, etc.:			
	(a) Issued prior to March 1, 1941—(1) U. S. savings bonds and Treasury bonds owned in excess of the principal amount of $5,000, and (2) obligations of an instrumentality of the U. S.			
	(b) Obligations issued on or after March 1, 1941, by the U. S. or any agency or instrumentality thereof			
11.	Rents			
12.	Royalties			
13.	Gains and losses (from separate Schedule D):			
	(a) Net short-term capital gain reduced by any net long-term capital loss			
	(b) Net long-term capital gain reduced by any net short-term capital loss		18,727.26	*
	(c) Net gain (or loss) from sale or exchange of property other than capital assets			
14.	Other income (itemize): Miscellaneous		18,103.60	
15.	Total income in lines 3, and 6 to 14, inclusive			$ 1,542,674.95
	DEDUCTIONS			
16.	Compensation of officers (Schedule E)		$ 123,891.63	*
17.	Salaries and wages (not deducted elsewhere)		163,458.09	
18.	Rents		125,675.04	
19.	Repairs (Do not include cost of improvements or capital expenditures)		481,785.12	
20.	Bad debts (Schedule F)		5,842.79	*
21.	Interest		215,255.94	
22.	Taxes (Schedule G)		224,425.70	*
23.	Contributions or gifts paid (Schedule H)			
24.	Losses by fire, storm, shipwreck, or other casualty, or theft (Attach schedule)			

25. Amortization (Schedule I)		
26. Depreciation (Schedule J)	523,826.45	
27. Depletion of mines, oil and gas wells, timber, etc. (Attach schedule)		
28. Advertising (Attach schedule)	51,498.18	*
29. Amounts contributed under:		
(a) Pension, annuity, stock bonus, or profit-sharing plans (Attach schedule)		
(b) Other employee benefit plans (Attach schedule)		
30. Other deductions (Schedule K)	363,067.04	
31. Total deductions in lines 16 to 30, inclusive		2,278,725.98
32. Taxable income before net operating loss deduction and special deductions	Loss	$ (736,051.03)
33. Less: Net operating loss deduction (Attach schedule)		
34. Taxable income before special deductions		$ (736,051.03)

SPECIAL DEDUCTIONS

35. Deduction for partially tax-exempt interest (net amount entered on line 10 (a))	$	
36. Dividends-received deductions:		
(a) 85% of column 2, Schedule C	$	
(b) 62.115% of column 3, Schedule C		
(c) 85% of dividends received from certain foreign corporations		
37. Total dividends-received deductions (sum of lines 36 (a), (b), and (c) but not to exceed 85 percent of the excess of line 32 over the sum of lines 35 and 39) (See instructions in case of net operating loss)		
38. Deduction for dividends paid on certain preferred stock of public utilities (See instructions in case of net operating loss)		
39. Deduction for Western Hemisphere trade corporations (See instructions in case of net operating loss)		
40. Total special deductions		$
41. Line 34 less line 40 (Enter income or loss here and on line 42(b))	Loss	$ (736,051.03)

*Supporting schedules filed with original return and are not amended.

TAX COMPUTATION FOR CALENDAR YEAR 1957 AND TAXABLE YEARS ENDING ON OR BEFORE JUNE 30, 1958
For other taxable years attach Schedule 1120 FY (See tax computation instructions)

42. (a) Amount of line 35, $ ____ (b) plus amount of line 41, $ Loss (736,051.03) Enter total here →		$ (736,051.03)
43. If amount of line 42 is:		
(a) Not over $25,000—		
Enter 30 percent of line 42 (32 percent if a consolidated return)		$
(b) Over $25,000—		
Enter 52 percent of line 42 (54 percent if a consolidated return)	$	
Subtract $5,500, and enter difference	5,500.00	$
44. Adjustment for partially tax-exempt interest. Enter 30 percent of line 35, but not in excess of 30 percent of line 42		
45. Normal tax and surtax (line 43 less line 44)		$ None
46. Income tax (line 45, or line 20 of separate Schedule D)	$	
47. Credit allowed a domestic corporation for income taxes paid to a foreign country or United States possession (submit Form 1118)		
48. Balance of income tax (line 46 less line 47)		$
49. Tax under section 541 of the Internal Revenue Code (from Schedule 1120 PH)		
50. Total income tax (line 48 plus line 49). Enter here and on line 1, page 1		$ None

Schedule L.—BALANCE SHEETS (See Instructions)

ASSETS	Beginning of Taxable Year		End of Taxable Year	
	Amount	Total	Amount	Total
1. Cash		$		$
2. Notes and accounts receivable	$		$	
(a) Less: Reserve for bad debts				
3. Inventories: (a) Other than last-in, first-out				
(b) Last-in, first-out				
4. Prepaid expenses and supplies				
5. Investments in governmental obligations: (a) Obligations of a State, Territory, or a possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia		Schedule supplied with original return.		
(b) Obligations of the United States and its instrumentalities				
6. Mortgage and real estate loans				
7. Other investments (Attach schedule)				
8. Buildings and other fixed depreciable assets				
(a) Less: Accumulated amortization and depreciation				
9. Depletable assets				
(a) Less: Accumulated depletion				
10. Land (net of any amortization)				
11. Intangible assets (amortizable only)				
(a) Less: Accumulated amortization				
12. Other assets (Attach schedule)				
13. Total Assets				
LIABILITIES AND CAPITAL				
14. Accounts payable				
15. Deposits and withdrawable shares				
16. Bonds, notes, and mortgages payable (maturing less than one year from date of balance sheet)				
17. Accrued expenses (Attach schedule)				
18. Bonds, notes, and mortgages payable (maturing one year or more from date of balance sheet)				
19. Other liabilities (Attach schedule)				
20. Capital stock: (a) Preferred stock				
(b) Common stock				
21. Paid-in or capital surplus				
22. Surplus reserves (Attach schedule)				
23. Earned surplus and undivided profits				
24. Total Liabilities and Capital		$		$

Schedule M.—RECONCILIATION OF TAXABLE INCOME AND ANALYSIS OF EARNED SURPLUS AND UNDIVIDED PROFITS

1. Earned surplus and undivided profits at end of preceding taxable year (Schedule L)	$	9. Total distributions to stockholders charged to earned surplus during the taxable year: (a) Cash	$
2. Taxable income before net operating loss deduction and special deductions (line 32, page 3)		(b) Stock of the corporation	
3. Nontaxable interest on: (a) Obligations of a State, Territory, or a possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia		(c) Other property	Schedule
(b) Obligations of the United States issued on or before Sept. 1, 1917; all postal savings bonds		10. Contributions in excess of 5% limitation	
4. Other nontaxable income (Attach schedule)		11. Federal income and excess profits taxes	attached
5. Charges against surplus reserves deducted from income in this return (Attach schedule)		12. Income taxes of foreign countries or United States possessions if claimed as a credit in whole or in part on line 47, page 3	
6. Adjustments for tax purposes not recorded on books (Attach schedule)		13. Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary	
7. Sundry credits to earned surplus (Attach schedule)		14. Unallowable interest incurred to purchase or carry tax-exempt interest obligations	
8. Total of lines 1 to 7	$	15. Excess of capital losses over capital gains	
		16. Additions to surplus reserves (Attach schedule)	
		17. Other unallowable deductions (Attach schedule)	
		18. Adjustments for tax purposes not recorded on books (Attach schedule)	
		19. Sundry debits to earned surplus (Attach schedule)	
		20. Total of lines 9 to 19	$
		21. Earned surplus and undivided profits at end of the taxable year (Schedule L) (Line 8 less line 20 of Schedule M)	$

The information required in Schedules A through K on pages 5 and 6 may be furnished on separate attachments provided that the attachments conform to the format of the printed schedules and the necessary figures are carried forward to the appropriate lines on pages 2 and 3. Where acceptable attachments are used, detach and discard pages 5 and 6.

Name and Address (Number, street, city, postal zone, county, State)

National Alfalfa Dehydrating and Milling Company
Lamar, Colorado

Schedule A.—COST OF GOODS SOLD. (See Instruction 2)
(Where inventories are an income-determining factor)

1. Inventory at beginning of year	$	
2. Merchandise bought for manufacture or sale		
3. Salaries and wages		
4. Other costs per books (Attach schedule)		
5. Total	$	
6. Less: Inventory at end of year		
7. Cost of goods sold (Enter here and on line 2, page 2)	$	

Schedule B.—COST OF OPERATIONS
(Where inventories are not an income-determining factor)

1. Salaries and wages	$	
2. Other costs (to be detailed):		
(a)		
(b)		
(c)		
(d)		
(e)		
3. Total (Enter here and on line 5, page 2)	$	

Schedule C.—INCOME FROM DIVIDENDS

1. Name of Declaring Corporation	2. Domestic Corporations Taxable Under Chapter 1, Internal Revenue Code*	3. Certain Preferred Stock of Public Utilities Taxable Under Chapter 1, Internal Revenue Code	4. Foreign Corporations	5. Other Corporations
	$	$	$	$
Totals	$	$	$	$
Total of columns 2, 3, 4, and 5 (Enter here and on line 7, page 2)				$

*Except (a) dividends on certain preferred stock of public utilities, which should be entered in column 3; and (b) dividends, which should be entered in column 5, received from China Trade Act corporations, from corporations to which section 931 applies, and from corporations exempt from tax under sections 501 and 521.

Schedule D.—Separate Schedule D (Form 1120) should be used in reporting sales or exchanges of property and filed with this return (See Instruction 13)

Schedule E.—COMPENSATION OF OFFICERS

1. Name and Address of Officer	2. Official Title	3. Time Devoted to Business	Percentage of Corporation's Stock Owned		6. Amount of Compensation
			4. Common	5. Preferred	
					$
Total compensation of officers (Enter here and on line 16, page 2)					$

Schedule F.—BAD DEBTS. (See Instruction 20)

1. Taxable Year	Amount of Notes and Accounts Receivable Outstanding at—		4. Taxable (or Net) Income Reported	5. Sales on Account	6. Bad Debts of Corporation if No Reserve is Carried on Books	If Corporation Carries a Reserve	
	2. Beginning of Year	3. End of Year				7. Gross Amount Added to Reserve	8. Amount Charged Against Reserve
1954							
1955							
1956							
1957							

NOTE. Securities which are capital assets and which became worthless within the taxable year should be reported in separate Schedule D.

Schedule G.—TAXES. (See Instruction 22)

Explanation	Amount
	$
Total (Enter here and on line 22, page 2)	$

Schedule H.—CONTRIBUTIONS OR GIFTS PAID (See Instruction 23)

Name and Address of Organization	Amount
	$
Contributions carryover (See instructions)	
Total contributions (Enter here and on line 23, page 2, subject to 5 percent limitation)	$

Schedule I.—AMORTIZATION. (See Instruction 25)

1. Describe Facilities or Expenditures Being Amortized	2. Date Acquired, Completed, or Expended	3. Amount Being Amortized	4. Amortization Deducted in Prior Years	5. Amortization Period (Number of months)	6. Amortization This Year
		$	$		$

1. Total ..... $
2. Less: Amount of amortization claimed in Schedules A and B and elsewhere on return .....
3. Balance—Enter here and on line 25, page 3 ..... $

Schedule J.—DEPRECIATION. (See Instruction 26)

1. Kind of Property (if buildings, state material of which constructed). Exclude Land and Other Nondepreciable Property. List Assets in Groups by Depreciation Method	2. Date Acquired	3. Cost or Other Basis	4. Depreciation Allowed (or allowable) in Prior Years	5. Method of Computing Depreciation	6. Rate (%) or Life (years)	7. Depreciation This Year
		$	$			$
	Schedule attached					

1. Total ..... $
2. Less: Amount of depreciation claimed in Schedules A and B and elsewhere on return .....
3. Balance—Enter here and on line 26, page 3 ..... $

SUMMARY OF SCHEDULES I AND J

Part A.—DEPRECIATION		Part B.—AMORTIZATION	
1. Straight line method	$ 523,826.45	7. Emergency facilities	$
2. Declining balance method		8. Grain storage facilities	
3. Sum of the years-digits method		9. Research or experimental expenditures	
4. Based on units of production		10. Exploration and development expenditures	
5. Other methods		11. Organizational expenditures	
		12. Trademark and trade name expenditures	
6. Total depreciation claimed	$ 523,826.45	13. Total amortization claimed	$

Schedule K.—OTHER DEDUCTIONS. (See Instruction 30)

	$		$
	Schedule attached		
		Total (Enter here and on line 30, page 3)	$

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
Lamar, Colorado

Amended U. S. Corporation Income Tax Return
Year Ended April 30, 1958

LIST OF ATTACHMENTS

Statement re preparation of return

Schedule	
J	Depreciation
J-1	Statement re change in depreciation rates
K	Other deductions
K-1	Statement re amortization of discount on debentures issued
K-2	Statement re loss on disposition of Pecos Valley and Denver Alfalfa assets
M	Reconciliation of taxable income and analysis of changes in surplus
Y	Disposition of net operating loss deductions of prior years

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
Lamar, Colorado
U. S. Corporation Income Tax Return
Amended Return
Year Ended April 30, 1958

I, Stewart S. Finkler, acting on behalf
Price Waterhouse & Co., Philadelphia, Pennsylvania, declare und
the penalty of perjury that I prepared the attached amended U.
corporation income tax return of National Alfalfa Dehydrating a
Milling Company covering the fiscal year ended April 30, 1958 w
shows a loss of $736,051.03, on the basis of information furnis
by the taxpayer; that the information set out in the amended re
and accompanying schedules correctly and fairly reflects inform
furnished to me during the course of the preparation of the ret
that said information is true to the best of my information and
belief.

Stewart S. Finkler

Schedule J

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
Lamar, Colorado

Amended Return

Year Ended April 30, 1958

FIXED ASSETS AND RESERVES FOR DEPRECIATION

Property	Acquired	Balance - beginning of year	Additions	Retirements	Balance - end of year
Buildings	Various	$2,991,522.98	$137,853.26	$135,347.17	$2,994,029.07
Machinery	"	4,776,827.22	696,714.75	276,215.21	5,197,326.76
Harvesting equipment	"	998,969.58	103,660.72	41,596.81	1,067,033.49
Miscellaneous equipment	"	64,790.41	1,753.14	400.00	66,143.55
Autos and trucks	"	492,051.95	43,519.83	129,280.96	406,290.82
Furniture and fixtures	"	82,263.96	2,924.71	1,007.88	84,180.79
Construction in progress	"	384,246.83	(249,191.76)		135,055.07
		$9,790,672.93	$743,234.65	$583,848.03	$9,950,059.55
Reserves for depreciation					
Buildings		$ 664,957.67	$104,190.84	$ 49,459.86	$ 719,688.65
Machinery		2,110,470.25	292,404.39	231,750.93	2,171,123.71
Harvesting equipment		763,334.47	59,223.89	35,564.31	786,994.05
Miscellaneous equipment		41,622.58	4,031.40	98.00	45,555.98
Autos and trucks		398,071.36	58,964.28	122,669.54	334,366.10
Furniture and fixtures		48,599.31	5,011.65		53,610.96
		$4,027,055.64	$523,826.45*	$439,542.64	$4,111,339.45

*See statement attached re amendment of depreciation rates.

Schedule J-1

NATIONAL ALFALFA DEHYDRATING & MILLING COMPANY

Amended -
U. S. Corporation Income Tax -
Fiscal Year Ended April 30, 1958

Statement re Provision for Depreciation

National Alfalfa Dehydrating & Milling Company was incorporated on May 4, 1956 for the purpose of the manufacture and sale of alfalfa meal. The company has acquired its fixed assets principally through the acquisition of existing plants from other companies. The five major acquisitions that have taken place since inception of the company are as follows:

	Date	Depreciable assets acquired
Pecos Valley Alfalfa Mill Company	5/17/46	$1,050,000
Denver Alfalfa Division	5/22/46	2,980,000
Cerophyl Laboratories, Inc.	4/ 1/54	1,050,000
Caro-green, Inc.	4/ 1/54	870,000
Saunders Mills, Inc.	2/11/59	1,100,000
		$7,050,000

At the time of the organization of the company, a firm of consulting engineers was engaged to appraise the properties acquired from Pecos Valley and the Denver Alfalfa Division and to arrive at the remaining useful life of these properties.

The Stone & Webster Engineering Corporation in its report determined the following average useful lives for various types of equipment:

	Life of properties if new	Remaining life of assets acquired
Buildings	25.35 years	20.14 years
Machinery	12.89 years	10.54 years
Harvesting equipment	7.05 years	5.47 years

On April 1, 1949 the company received a Revenue Agent's Report covering the examination of the fiscal years ended April 30, 1947 and April 30, 1948. A substantial portion of this report dealt with the problem of depreciation rates.

In conjunction with this examination an engineer revenue agent rendered a report dated November 29, 1948 with regard to depreciation.

The lives assigned to certain fixed asset classifications were as follows:

	Assets acquired from Pecos Valley & Denver Company	Asset additions to 4/30/48
Buildings	28.57 years	28.57 years
Machinery	10 years (minimum)	15 years
Harvesting equipment	(note)	(note)

Note: No mention was made in the revenue agent's report concerning the rates used on harvesting equipment except the general comment that "it appears that the depreciation rates taken and bases on the balance of the depreciable assets are approximately correct."

Schedule J-1
Page 5

At the end of the 1958 fiscal year the company's former president for reasons unknown to present management, directed the company controller to arbitrarily reduce its provision for depreciation for that year. There was no logical basis for the reduction. The company's original report to shareholders and the original U. S. income tax return reflected the following changes in depreciation rates:

	Rate used consistently prior to 1958, and as amended in 1958		Rate originally used in fiscal year ended April 30, 1958	
	%	Yrs. of life	%	Yrs. of life
Buildings	3-1/2	28.57	2-1/2	40
Machinery	6-2/3	15	4	25
Harvesting equipment	20	5	10	10

These changes resulted in a reduction in the provision for depreciation in the 1958 fiscal year in the amount of $169,758.

On March 12, 1959 Mr. W. A. Donnelly was elected president of the company, replacing the former president and the arbitrary change in depreciation rates made in the company's accounts in the fiscal year ended April 30, 1958 was discovered. Consequently, the published annual report to stockholders for the fiscal year ended April 30, 1959 not only showed the profit and loss statement for the fiscal year ended April 30, 1958, but restated this profit and loss statement (over the one formerly published) to eliminate this arbitrary change in depreciation. Similarly the financial statements which are required by law to be filed with the Securities and Exchange Commission are being amended to restate the 1958 depreciation provision as computed with the rates consistently used in prior years.

The company is similarly amending its U. S. corporation income tax return for the fiscal year ended April 30, 1958 to claim as a deduction a provision for depreciation as computed with the rates consistently used in prior years.

The company believes that the depreciation rates initially established at the time of the organization of the company by an outside firm of consulting engineers, as agreed to by the U. S. Treasury Department in subsequent years and as reflected in the amended U. S. corporation income tax return for the fiscal year ended April 30, 1958 represent a reasonable allowance for wear, tear and obsolescence of the property used in the trade or business as provided by Section 167 of the Internal Revenue Code of 1954.

In equating the reasonableness of these rates consideration should be given to the fact that the major portion of the company's fixed assets were acquired from other existing companies and therefore these assets were used rather than new when acquired. A brief description of these acquisitions prior to 1959 follows.

PECOS VALLEY

At the time of the organization of the company, substantially all of the alfalfa milling facilities of the Pecos Valley Alfalfa Mill Company were purchased. The statements of that company contained in the prospectus filed by National with the SEC in 1946 indicate that these assets were approximately 28% depreciated by 1946.

Other information contained in the prospectus indicates that one of the nine locations acquired was originally opened in 1910 and that a second location had been constructed prior to 1926. The remaining seven plants were originally constructed during the period between 1926 and 1942 according to the prospectus.

DENVER ALFALFA DIVISION

At the same time as the Pecos Valley acquisition, the company purchased the assets of the Denver Alfalfa Milling and Products Division of the Ralston Purina Company. Financial statements of this division contained in the 1946 prospectus indicate that these assets were approximately 55 per cent depreciated at the time of purchase by National.

Other information contained in the prospectus indicates that one of the mills purchased by National was built in 1908. By 1926 the Denver Company was operating sixteen plants. At the time of the sale to National in May 1946 the Denver Company was operating twenty-five plants.

CARO-GREEN, INC.

In 1954 the company purchased a storage facility in Omaha, Nebraska from Caro-green, Inc. Discussion with Kenneth Toma, company manager of the Omaha plant, revealed that the original elevator building was constructed in 1917 and that an addition to the building was made in the late 1920's. The conveyor system and certain other equipment in the elevator dates back to 1917 but a fairly substantial portion of the machinery and equipment was installed in 1952. Approximately $546,000 of the purchase price was allocated to the buildings.

CEROPHYL LABORATORIES, INC.

A storage facility and an alfalfa mill at Midland, Kansas and three other alfalfa mills in Kansas and Missouri were purchased from Cerophyl Laboratories, Inc. in 1954.

The following information as to the approximate age of these plants was obtained from W. Alex Donnelly, president of National (formerly president of Cerophyl Laboratories, Inc.).

The production facilities and dry storage warehouses at Midland, Kansas were between nine and fifteen years old at the time of acquisition by National and a number of the storage tanks were five or more years old.

The dehydrator drums and mill buildings at the other three mills were all eight to nine years old at the time of acquisition by National.

The company has made a study of the dispositions of buildings, machinery and harvesting equipment for the fiscal years ending April 30, 1954 through April 30, 1959 to determine the average period that the assets were held prior to disposition.

The method used in accumulating the data presented in the table below is as follows:

(1) The company's detailed listings of fixed asset dispositions were obtained.

(2) The abnormal dispositions from fire, windstorm, and sale to affiliated companies were deleted from the listings.

(3) The holding period to the nearest one-half year was multiplied times the cost of the asset to obtain the number of dollar-years that the asset was held.

(4) The total of the dollar-years for each year was accumulated and divided by the total cost of the asset dispositions for the year to arrive at the weighted-average life of the assets retired.

A summary of this study follows:

Schedule J-1
Page 7

WEIGHTED-AVERAGE LIFE OF FIXED ASSET DISPOSITIONS

	Fiscal 1954	Fiscal 1955	Fiscal 1956	Fiscal 1957	Fiscal 1958	Fiscal 1959	Period 5/1/53-4/30/59
Buildings	7.1	6.9	9.2	9.2	11.0	6.8	7.6
Machinery	4.9	7.4	8.0	7.8	7.2	5.7	6.7
Harvesting equip.	5.9	7.1	6.9	8.2	8.5	7.6	7.2

The following table will indicate the dollar amounts of the assets included in the study and also the aggregate gain or loss from these sales during the period May 1, 1953 through April 30, 1959.

	Cost of Assets Sold	Gain (Loss) on Sale
Buildings	$1,290,292	$(155,696)
Machinery	1,126,144	(62,413)
Harvesting equipment	326,645	40,110
Total	$2,743,081	$(177,999)

A comparison of the loss on sale of buildings for the period with the cost of these buildings indicates that approximately 12 per cent more depreciation should have been taken in total on the buildings. When this fact is related to the previous table indicating a weighted-average age of 7.6 years at the time of retirement, which is approximately 25 per cent of the life used by the company, it can be seen that an increase in the depreciation rate of between 40 and 50 per cent would be justified. Since the company has used a 3.5 per cent rate, this would indicate that a rate of approximately 5 per cent would be more appropriate.

A similar conclusion can be reached in connection with the machinery. In this instance, an additional 5.5% of depreciation would be needed to eliminate the loss. The equipment had been held an average of approximately 45 per cent of the life assigned by the

company. An increase in depreciation rate of approximately 12 per cent would be in order. This would result in an increased rate from the 6-2/3 per cent used by the company to approximately 7-1/2 per cent.

In the case of harvesting equipment, the above study indicates that there should be an increase in the useful life of this equipment from the 5 years used by the company to approximately 7 years.

One factor that has not been considered in the preceeding paragraphs is the factor of inflation which during the period of the study was such that gains reasonably could have been expected from the sales of fixed assets.

When all of these factors are considered, the company firmly believes that the depreciation rates consistently used in prior years and in this amended U. S. corporation income tax return for the fiscal year ended April 30, 1958 result in a reasonable allowance for wear and tear and obsolesence as provided by Section 167 of the Internal Revenue Code of 1954.

Schedule K

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
Lamar, Colorado

Amended Return

Year Ended April 30, 1958

OTHER DEDUCTIONS

Other deductions per original return	$324,268.04
Add	
Amortization of discount on debentures issued - see Schedule K-1	37,037.00
Loss on disposition of Denver Alfalfa assets - see Schedule K-2	1,742.00
	$363,067.04

Schedule K-1

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
Lamar, Colorado

Amended U. S. Corporation Income Tax Return

Year Ended April 30, 1958

STATEMENT RE AMORTIZATION OF DISCOUNT
ON DEBENTURES ISSUED

On July 23, 1957 the preferred stockholders of the company agreed to exchange their $50 par preferred stock for 18-year 5% sinking fund debentures. This exchange was treated as a taxable exchange by the preferred stockholders, as required by the Internal Revenue Code of 1954.

At the time of the exchange the fair market value of the preferred stock of the company was approximately $33 per share. This fair market value is measured by the average of the daily bid and asked prices of the preferred stock for the period July 15 to July 23, 1957, inclusive. Since this was a taxable exchange, the company is entitled to amortize the difference between the principal amount of the 18-year sinking fund debentures ($50 per share) and the fair market value of the property received in exchange (preferred stock with fair market value of $33 per share). This is as provided by section 1.61-12 of the Internal Revenue Code Regulations. Also see: American Smelting & Refining Company v. U. S. 130 Feb. 2d 883 and Southern Fertilizer & Chemical Co. v. Edwards, 55-1 U.S.T.C. Par. 49133.

Accordingly the company is amending its U. S. corporation income tax return for the fiscal year ended April 30, 1958 to include a deduction in the amount of $37,037 representing the pro rata portion of the total unamortized bond discount.

per Schedule M.

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

Lamar, Colorado

U. S. Corporation Income Tax Return

Year Ended April 30, 1958

STATEMENT RE LOSS ON DISPOSITION OF

PECOS VALLEY AND DENVER ALFALFA ASSETS

Pecos Valley Assets

On May 17, 1948, National Alfalfa Dehydrating and Milling Company purchased for $1,600,000 in cash, certain assets from the Pecos Valley Alfalfa Mill Company. These assets consisted of 9 plants for processing alfalfa and related equipment.

At the date of acquisition National Alfalfa recorded on its books of account an amount of $546,810 (subsequently adjusted to $524,433) as "excess of purchase consideration paid over amounts at which plant is recorded in the accounts." This amount was amortized for book purposes until 1954 when the unamortized balance was charged to earned surplus. None of this amount has been claimed as a deduction in any year in the company's U. S. corporation income tax returns.

Since the acquisition of these properties, there have been certain technological changes in the alfalfa industry which have rendered the Pecos Valley properties obsolete and the company has since disposed of substantially all of these properties acquired in 1948.

At date of acquisition the 9 plants acquired from Pecos Valley had a total capacity of 108,000 tons and in the fiscal year ended April 30, 1959, the only remaining operating plant acquired with this acquisition produced only 3,141 tons.

In the first year of their operation while under the ownership of National Alfalfa, sun-cured alfalfa accounted for about 85% of the total production, whereas, during the fiscal year ended April 30, 1959, it accounted for about only 1% of the total production. A major portion of the plants acquired from Pecos Valley were geared primarily to the sun-cure type of operation. Furthermore, in the years following World War II, the plants in Arizona, Idaho and New Mexico were able to ship their production to the southeastern part of the United States by means of ocean transportation and, therefore, the freight costs were low. When these plants were no longer able to ship in this manner, the overland freight costs to the eastern markets were too high to permit profitable operations. Also a number of the plants acquired from Pecos Valley were disposed of because they were located in poor producing areas. The company is, therefore, entitled to claim as a deduction in the year of sale the pro rata portion of the cost of these plants not previously claimed as a deduction. The summary of this pro rata cost follows:

Plants sold in fiscal year ended	Pro rata portion of cost not previously deducted applicable to plants sold
4/30/52	$ 63,036*
4/30/55	131,109
4/30/56	54,279
4/30/57	37,130
4/30/59	147,156

*This year is barred by statute of limitations.

Denver Alfalfa assets

Similarly on May 22, 1946 National Alfalfa purchased twenty-five alfalfa plants from the Denver Alfalfa Milling and Products Division of the Ralston Purina Company for $3,875,000. At the date of acquisition National Alfalfa recorded on its books of account an amount of $855,549 (subsequently adjusted to $757,544) as "excess of purchase consideration paid over amounts at which plant is recorded in the accounts." National Alfalfa has similarly sold some of these plants and is claiming as a deduction in the years of sale the pro rata portion of the cost of these plants not previously claimed as a deduction. The summary of this pro rata cost follows:

Schedule K-2
Page 4 of 4

Plants sold in fiscal year ended	Pro rata portion of cost not previously deducted applicable to plants sold
4/30/48	$16,893*
4/30/54	76*
4/30/55	19,999
4/30/56	31,287
4/30/57	2,045
4/30/58	1,742
4/30/59	81,363

*This year barred by statute of limitations.

Schedule M

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
Lamar, Colorado

Amended U. S. Corporation Income Tax Return

Year Ended April 30, 1958

RECONCILIATION OF TAXABLE INCOME AND
ANALYSIS OF CHANGES IN EARNED SURPLUS

Line No.			
	Net loss per books		$(327,508.35)
10	Unallowable contributions due to loss		442.00
11	Federal income tax		243.91
13	Premiums on insurance on officer's life		3,421.25
6	Accrual of refundable federal income tax	1957	(167,389.38)
6	Overaccrual of income taxes	1957	(36,723.17)
6	Depreciation allowable in excess of amount per books		(169,758.29)
6	Amortization of discount on debentures issued - Schedule K-1		(37,037.00)
	Loss on disposition of Denver Alfalfa assets - Schedule K-2		(1,742.00)
2	Loss for tax purposes		$(736,051.03)
1	Surplus at end of preceding taxable year		$ 95,633.91
	Net loss per books		(327,508.35)
2	Deficit at end of taxable year		$(231,874.44)

Schedule Y

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
Lamar, Colorado

Amended U. S. Corporation Income Tax Return

Year Ended April 30, 1958

DISPOSITION OF NET OPERATING LOSS DEDUCTIONS OF PRIOR YEARS

	Year Ended April 30,			
	1954	1955	1956	1957
Taxable income (loss) per original return	$ 71,350.85	$481,521.08	$(775,290.87)	$556,381.37
Adjustments - Loss on disposal of Pecos Valley assets - Schedule K-2		(131,109.00)	(54,279.00)	(37,130.00)
Loss on disposal of Denver Alfalfa assets - Schedule K-2		(19,999.00)	(31,287.00)	(2,045.00)
Adjusted taxable income	71,350.85	330,413.08	(860,856.87)	517,206.37
Carry back of 1956 loss to 1955 and 1954	(71,350.85)	(330,413.08)	401,763.93	
Carry forward of unused 1956 loss to 1957			459,092.94	(459,092.94)
Net remaining income to which 1958 loss is partially applied	- 0 -	- 0 -	- 0 -	$ 58,113.43

STIPULATION EXHIBIT 9–I

Corporation Income Tax Return (Form 1120) for Taxable Year Ending April 30, 1967.

FORM 1120

U.S. Treasury Department
Internal Revenue Service

U.S. Corporation Income Tax Return

For the year January 1–December 31, 1966, or other taxable year beginning MAY 1, 1966, and ending APRIL 30, 1967

(PLEASE TYPE OR PRINT)

1966

Check if a—
A Sole proprietorship ☐ or partnership ☐ electing under sec. 1361 to be taxed as a corporation.
B Consolidated return ☐
C Personal Holding Co. ☐
D Business code no. (see instr.) 2040

44-0374927 1967 DD 43 04
NATIONAL ALFALFA DEHYDRATING & MILLING CO.
CLOVERLEAF 1 BLDG 6811 W 63RD ST
PO BOX 500
SHAWNEE MISSION KANS 66201

E Employer Identification No. 44-0374927
F County in which located. JOHNSON
G Enter total assets from line 14 Sch. L (see instructions B) $ 6,915,661.30

IMPORTANT—All applicable lines and schedules must be filled in. If the lines on the schedules are not sufficient, see instruction Q.

GROSS INCOME	1 Gross receipts or gross sales ..... Less: Returns and allowances	10,175,170.97
	2 Less: Cost of goods sold (Schedule A) and/or operations (attach schedule)	6,464,608.44
	3 Gross profit	3,710,522.53
	4 Dividends (Schedule C)	
	5 Interest on obligations of the United States and U.S. instrumentalities	
	6 Other interest	13,767.97
	7 Rents	12,321.79
	8 Royalties	
	9 Net gains (losses)—(separate Schedule D)	(39,641.10)
	10 Other income (attach schedule)	6,435.53
	11 TOTAL income—Add lines 3 through 10	3703,406.67
DEDUCTIONS	12 Compensation of officers (Schedule E)	101,950.10
	13 Salaries and wages (not deducted elsewhere)	165,535.03
	14 Repairs (do not include cost of improvements or capital expenditures)	625,083.88
	15 Bad debts (Schedule F if reserve method is used)	44,081.46
	16 Rents	286,480.30
	17 Taxes (attach schedule)	269,524.54
	18 Interest	149,318.39
	19 Contributions (attach schedule—see instructions for limitation)	75.00
	20 Losses by fire, storm, shipwreck, other casualty, or theft (attach schedule)	
	21 Amortization (attach schedule)	
	22 Depreciation (Schedule G)	670,773.55
	23 Depletion (attach schedule)	
	24 Advertising	12,137.17
	25 (a) Pension, profit-sharing, stock bonus, annuity plans (see instructions)	
	(b) Other employee benefit plans (see instructions)	19,268.96
	26 Other deductions (attach schedule)	434,358.74
	27 TOTAL deductions in lines 12 through 26	2778,587.12
	28 Taxable income before net operating loss deduction and special deductions (line 11 less line 27)	924,819.55
	29 Less: (a) Net operating loss deduction (see instructions—attach schedule) $800,319.75	
	(b) Special deductions (Schedule I)	(800,319.75)
	30 Taxable income (line 28 less line 29)	124,499.80
TAX AND PAYMENTS	31 TOTAL income tax (Schedule J)	34,981.98
	32 Credits: (a) Tax paid with Form 7004 application for extension (attach copy)	
	(b) Payments and credits on 1966 declaration of estimated tax	
	(c) Credit from regulated investment companies (attach Form 2439)	
	(d) Credit for U.S. tax on nonhighway gas. and lub. oil (attach Form 4136) 3715.50	3715.50
	33 If tax (line 31) is larger than credits (line 32), the balance is TAX DUE. Enter balance here →	31,266.48
	34 If tax (line 31) is less than credits (line 32) . . . . . Enter the OVERPAYMENT here →	
	35 Enter amount of line 34 you want: Credited on 1967 estimated tax ..... Refunded	

PAY CASH

REC'D WITH REMITTANCE JUL 18 1967 WICHITA KS DIR. INT. REV.

48

To ascertain interest period, subtract, thus: 4 months 18 days

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

CORPORATE SEAL

July 17, 1967 (Date) — (Signature of officer) — Secretary (Title)

July 14, 1967 (Date) — Price Waterhouse & Co. (Individual or firm signature of preparer) — 2900 Commerce Tower Bldg. Kansas City, Missouri 64105 (Address)

659—16—70006-1

Form 1120 (1966) [Page 2]

Schedule A—COST OF GOODS SOLD (See Instruction 2)

1 Inventory at beginning of year	
2 Merchandise bought for manufacture or sale	
3 Salaries and wages	
4 Other costs (attach schedule)	
5 Total	SCHEDULE ATTACHED
6 Less inventory at end of year	
7 Cost of goods sold—Enter on line 2, page 1	6,464,608.44

Method of inventory valuation

LOWER OF COST OR MARKET

Schedule C—DIVIDENDS (See instruction 4)

1 Domestic corporations subject to 85% deduction	
2 Certain preferred stock of public utilities	
3 Foreign corporations subject to 85% deduction	
4 Other dividends from foreign corporations	
5 Income from controlled foreign corporations (attach Form 3646)	
6 Foreign dividend gross-up (section 78)	
7 Qualifying dividends from affiliated groups (section 243(b))	
8 Other	
9 Total—Enter on line 4, page 1	

Schedule E—COMPENSATION OF OFFICERS (See page 5 of instructions)

1. Name, address, and social security number of officer	2. Title	3. Time devoted to business	Percent of corporation stock owned 4. Common	5. Preferred	6. Amount of compensation	7. Expense account allowances
SCHEDULE ATTACHED						
Total compensation of officers—Enter here and on line 12, page 1					101,950.10	

Schedule F—BAD DEBTS—RESERVE METHOD (See Instruction 15)

1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	Amount added to reserve 4. Current year's provision	5. Recoveries	6. Amount charged against reserve	7. Reserve for bad debts at end of year
1961						
1962						
1963						
1964						
1965						
1966						

Schedule G—DEPRECIATION (See Instruction 22)

Taxpayers using Revenue Procedure 62-21: Make no entry in column 2, enter the cost or other basis of assets held at end of year in column 3, and enter the accumulated depreciation at end of year in column 4.

1. Group and guideline class or description of property	2. Date acquired	3. Cost or other basis	4. Depreciation allowed or allowable in prior years	5. Method of computing depreciation	6. Life or rate	7. Depreciation for this year
1 Total additional first-year depreciation (do not include in items below)						2000.00
Buildings						
Furniture and fixtures						
Transportation equipment						
Machinery and other equipment						
Other (specify)						
SCHEDULE ATTACHED						670,773.55
2 Totals						
3 Less amount of depreciation claimed in Schedule A and elsewhere on return						
4 Balance—Enter here and on line 22, page 1						670,773.55

Schedule H—SUMMARY OF DEPRECIATION

	Straight line	Declining balance	Sum of the years-digits	Units of production	Additional first-year (section 179)	Other (specify)	Total
1 Under Rev. Proc. 62-21							
2 Other	540,392.49	128,381.06			2000.00		670,773.55

o60—10—79006-2

524-785 O - 73 (Face blank p. 50) No. 3

SCHEDULE D (Form 1120)
U.S. Treasury Department
Internal Revenue Service

Gains and Losses From Sales or Exchanges of Property

1966

Name and address

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY 6811 WEST 63 RD ST. OVERLAND PARK, KANSAS

PART I—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTIONS 1245 AND 1250—Assets Held More Than 6 Months—Where double headings appear, use the first heading for section 1245 and the second heading for section 1250.

a. Kind of property (if necessary, attach statement of descriptive details not shown below—write 1245 or 1250 to indicate type of asset)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale
1 MACHINERY	VARIOUS	VARIOUS	9177.00	31933.69
AUTOS AND TRUCKS	VARIOUS	VARIOUS	1449.65	2170.90
FURNITURE AND FIXTURES	VARIOUS	VARIOUS	370.00	2271.86

f. Depreciation allowed (or allowable) since acquisition		g. Adjusted basis (e less sum of f-1 and f-2)	h. Total gain (d less g)	i. Ordinary gain (lesser of f-2 or h) — OR — (see instructions)	j. Other gain (h less i)
f-1. Prior to January 1, 1962 — OR — Prior to January 1, 1964	f-2. After December 31, 1961 — OR — After December 31, 1963				
1578.93	13760.41	2391.35	6785.65	6785.65	
677.12	1349.55	144.23	1305.42	1305.42	
2271.86	-0-	-0-	370.00	-0-	370.00
2 Total ordinary gain. Enter here and on line 11 and identify as gain from Part I				8091.07	
3 Total other gain. Enter here and on line 4 and identify as gain from Part I					370.00

PART II—SALE OR EXCHANGE OF PROPERTY UNDER SECTION 1231

a. Kind of property (if necessary, attach statement of descriptive details not shown below)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, cost of subsequent improvements (if not purchased attach explanation) and expense of sale	g. Gain or loss (d plus e less f)
4 GAIN FROM PART I						370.00
SCHEDULE ATTACHED						(48,102.17)
5 Total (If gain, enter on line 9; If loss, enter on line 11. Identify as gain or loss from Part II.)						(47,732.17)

PART III—CAPITAL ASSETS
Short-Term Capital Gains and Losses—Assets Held Not More Than 6 Months

6						
7 Unused capital loss carryover (attach statement)						
8 Total of short-term capital gains or losses or difference between short-term capital gains and losses						

Long-Term Capital Gains and Losses—Assets Held More Than 6 Months

9						
10 Total of long-term capital gains or losses or difference between long-term capital gains and losses						

PART IV—PROPERTY OTHER THAN CAPITAL ASSETS

11 GAIN FROM PART I						8091.07
LOSS FROM PART II						(47,732.17)
12 Total net gain (or loss). Enter here and on line 15						(39,641.10)

530—16—T (287-1

PART V—TOTAL SCHEDULE D GAINS AND LOSSES

13 Enter excess of net short-term capital gain (line 8) over net long-term capital loss (line 10)	
14 Enter excess of net long-term capital gain (line 10) over net short-term capital loss (line 8)	
15 Net gain (loss) from property other than capital assets (line 12)	(39,641.10)
16 Total of lines 13, 14, and 15. Enter here and on Form 1120, page 1, line 9	(39,641.10)

Alternative Tax Computation

17 Taxable income (line 30, page 1, Form 1120)	
18 Net long-term capital gain reduced by any net short-term capital loss (line 14)	
19 Line 17 less line 18	
20 Surtax exemption (line 19, $25,000, or amount apportioned under section 1561, whichever is lesser)	
21 Line 19 less line 20	
22 25 percent of line 18	
23 22 percent of line 19	
24 26 percent of line 21	
25 If multiple surtax exemption is elected under section 1562, enter 6 percent of line 20	
26 Alternative tax—Add lines 22 through 25. If applicable, enter here and on line 5, Schedule J, Form 1120, and write "alt." in the margin to the right of the entry.	

INSTRUCTIONS (Continued from reverse side of original)

Gains and losses from involuntary conversion and from the sale or exchange of certain property used in the trade or business.—The term "property used in the trade or business," as used in section 1231, means property which has been held more than 6 months, which is used in the trade or business, and which is either real property or property subject to depreciation under section 167, and which is not (a) property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, (b) property held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business, or (c) certain copyrights or similar properties. The term includes timber, coal, and domestic iron ore to which section 631 applies as well as unharvested crops to which section 1231(b)(4) applies. The term also includes livestock (but not poultry) held for draft, breeding, or dairy purposes and held for 12 months or more from the date of acquisition.

Section 1231 provides special treatment for the gains and losses upon the sale or exchange of "property used in the trade or business" and upon the compulsory or involuntary conversion of (1) such property and (2) capital assets held for more than 6 months. Such gains and losses are treated as gains and losses from the sale or exchange of capital assets held for more than 6 months, if the aggregate of such gains exceeds the aggregate of such losses. If, however, the gains do not exceed the losses, such gains and losses shall not be treated as gains and losses from the sale or exchange of capital assets.

In determining whether gains do or do not exceed losses, it is necessary to include the gains and losses to the extent that they would be included if they were all ordinary gains and losses. The limitation of section 1211 on the deductibility of capital losses does not operate to exclude any such losses from the computation as to the excess of gains over losses, but all such losses are included in full. The total shown on line 5 determines whether the items reflected therein represent a long-term capital gain or an ordinary loss. The total must be entered on line 9 or line 11, whichever is applicable.

For special treatment of gain or loss upon the cutting of timber, or upon the disposal of timber, coal, or domestic iron ore under a contract by which the owner retains an economic interest in the timber, coal, or iron ore, see section 631.

Long-term capital gains from regulated investment companies.—Include in income as a long-term capital gain the amount the corporation has been notified constitutes its share of the undistributed capital gains of a regulated investment company.

Alternative tax.—If the net long-term capital gain exceeds the net short-term capital loss, or if there is only a net long-term capital gain, section 1201 imposes an alternative tax in lieu of the normal tax and surtax imposed upon taxable income, if any, only if such tax is less than the tax imposed by section 11 (relating to normal tax and surtax on corporations), sections 821 and 831 (relating to normal tax and surtax on insurance companies, other than life insurance companies), or section 511(a)(1) (relating to taxation of business income of certain organizations described in section 511(a)(2)). The alternative tax is the sum of (1) a partial tax, computed at the normal tax and surtax rates on the taxable income decreased by the excess of net long-term capital gain over net short-term capital loss, and (2) 25 percent of such excess.

If the corporation computes an alternative tax under section 1201 and is entitled to special deductions for dividends received (sections 243, 244, and 245), the special deduction for dividends paid (section 247), the special deduction for a Western Hemisphere trade corporation (section 922), or the special deduction for a China Trade Act corporation (section 941), such special deductions are to be based upon taxable income including the excess of net long-term capital gain over net short-term capital loss.

Bonds, etc., losses of banks.—In the case of a bank, as defined in section 581, if losses from sales or exchanges of bonds, debentures, notes, or certificates, or other evidences of indebtedness, issued by any corporation (including one issued by a government or political subdivision thereof) exceed the gains from such sales or exchanges, such excess shall be considered as an ordinary loss and deductible in full. Section 582.

Dealers in securities. Capital gains and ordinary losses.—Under the provisions of section 1236, gain by a dealer in securities from the sale or exchange of a security, as defined in section 1236, shall in no event be considered as gain from the sale or exchange of a capital asset unless (a) the security was, before the expiration of the thirtieth day after the date of its acquisition, clearly identified in the dealer's records as a security held for investment; and (b) the security was not, at any time after the expiration of such thirtieth day, held by the dealer primarily for sale to customers in the ordinary course of trade or business. A loss from the sale or exchange of a security shall be considered a capital loss if the security was clearly identified in the dealer's records as a security held for investment.

Short sales of capital assets.—For rules regarding tax consequences of certain short sales of stock or other securities (including those dealt with on a "when issued" basis), and transactions in commodity futures, see section 1233.

Instructions for insurance companies using this schedule.—Companies taxable under section 831 and having losses from capital assets sold or exchanged in order to obtain funds to meet abnormal insurance losses, etc., shall attach a schedule corresponding to Schedule A-3, Form 1120M. For companies taxable under section 821, all references to "line" numbers, Form 1120, shall be considered as references to the appropriate "line" on Form 1120M.

450—18—70287-1 GPO

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
(44-0374927)

INCOME TAX RETURN - YEAR ENDED APRIL 30, 1967

COST OF GOODS SOLD

INVENTORY - BEGINNING OF YEAR		$ 563 545 60
PURCHASES OF HAY, MEAL, OIL FOR MEAL, SACKS, ETC.		2 805 916 55
WAGES AND SALARIES		1 603 319 36
OTHER COSTS —		
FREIGHT	$ 658 035 33	
DEHYDRATING FUEL	933 191 67	
POWER	373 366 87	
INSURANCE	100 293 12	
TRAVEL	29 510 5	
STORAGE GAS	9 784 37	
FARM OPERATIONS	23 832 71	
MISCELLANEOUS	33 633 86	2 135 088 98
		7 107 870 49
LESS: INVENTORY - END OF YEAR		643 262 05
		$ 6 464 608 44

OTHER INCOME

GAIN ON REDEMPTION OF DEBENTURES	
GRAIN ELEVATOR COMPANY DEBENTURES ASSUMED ON MERGER	$ 6 037 70
MISCELLANEOUS	397 83
	$ 6 435 53

National Alfalfa Dehydrating and Milling Company
(44-0374927)

Income Tax Return - Year Ended April 30, 1967

Compensation of Officers

Name, Address and Social Security Number of Offical	Official Title	Time Devoted To Business	Percent of Common Stock Owned	Amount of Compensation	Expense Account Allowance
S. V. Tuttas (389-09-9818) 4545 Wornall Road, Kansas City, Missouri Apt. 102	Chairman of Board & President	As Required	3.00	40 000 02	8 287 60
D. E. Merrick (301-03-2952) 6643 Woodson, Shawnee Mission, Kansas	Vice-President	As Required	0.43	21 000 04	5509 49
G. J Polony (106-03-5829) 6728 W. 83rd, Overland Park, Kansas Apt. 305	Vice-President	As Required	0.18	14 700 04	2 980 20
W. D Shackelford (523-01-0833) 5014 W 68th Terrace, Shawnee Mission, Ks.	Secretary	As Required	0.04	13 650 00	316 13
F. H Read (523-01-2781) 8205 Hamilton Drive Overland Park, Kansas	Treasurer	As Required	0.09	12 600 00	261 87
				101 950 10	

Contributions

Mercy Hospital	$ 25 00
Junior Achievement	50 00
	$ 75 00

Taxes

Payroll Taxes	120 633 48
Licenses, Real Estate, etc	138 429 74
State and Local Income Taxes	10 461 32
	269 524 54

NATIONAL MEDICAL DENTAL HOSPITAL AND MEDICAL COMPANY

44-0374927

INCOME TAX RETURN - YEAR ENDED 11/30/57

DEPRECIATION

Group and guideline class or description of property	Date acquired	ASSETS: Cost or other basis at beginning of year	Additions at cost	Retirements and transfers	Balance at end of year	Method	Rate or class life	DE: Allowed in prior years	Deprecia this y
BUILDINGS	VARIOUS	1695145 63	60540 15	(70392 04)	1685299 04	ST. LINE	3 1/2%	129644 99	64 65
	VARIOUS		55059 63		55059 63	D.D. BALANCE	3 1/2%		192
TANKS	VARIOUS	1736919 75			1736919 75	ST. LINE	4%	765788 89	63709
			72970 81		72970 81	D.D. BALANCE	4%		2918
MACHINERY AND EQUIPMENT	VARIOUS	5810263 52	18872 01	(252337 49)	5576798 04	ST. LINE	5 2/3 20%	3620631 61	349
	VARIOUS		807924 36		807924 36	D.D. BALANCE	5 2/3 - 20%		114420
FURNITURE AND FIXTURES	VARIOUS	100805 83		(3321 86)	97483 97	ST. LINE	10%	76 951 75	3773
	VARIOUS		9877 45		9877 45	D.D. BALANCE	10%		987
AUTOS AND TRUCKS	VARIOUS	143998 02	3176 57	(2246 58)	144928 01	ST. LINE	25%	69462 19	28510
	VARIOUS		40507 86		40507 86	D.D. BALANCE	25%		10126
CONSTRUCTION IN PROGRESS	VARIOUS	240583 13	(197546 82)		43036 31				
		9727715 88	831388 62	(328298 67)	10230805 83			5262477 52	640330

AMORTIZATION OF ADD BACK

INVESTMENT CREDIT 294

EXCESS TAX [illegible] DEPRECIATION 30285

670773

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
44-0374927
INCOME TAX RETURN - YEAR ENDED 11/30/57

DEPRECIATION

ate ired	ASSETS: Cost or other basis at beginning of year	ASSETS: Additions at cost	ASSETS: Retirements and transfers	ASSETS: Balance at end of year	Method	Rate or class life	DEPRECIATION RESERVE: Allowed in prior years	DEPRECIATION RESERVE: Depreciation this year	DEPRECIATION RESERVE: Retirements and transfers	DEPRECIATION RESERVE: Balance at end of year
DOS	1695145 63	60540 15	(70392 74)	1645299 04	ST. LINE	3½%	129644 99	64652 40	(42554 33)	751 42 06
DOS		55059 63		55059 63	D. D. BALANCE	3½%		1927 12		1927 12
DOS	1736919 75			1736919 75	ST. LINE	4%	765788 89	63705 45		829494 34
		72970 81		72970 81	D. D. BALANCE	4%		2918 84		2918 84
DOS	5810263 52	18872 61	(352337 49)	5576798 64	ST. LINE	5⅔ - 20%	3620631 61	344 [illegible] 14	(208057 96)	3761627 97
DOS		807924 36		807924 36	D. D. BALANCE	5⅔ - 20%		114420 34		114420 34
DOS	100805 83		(3321 86)	97483 97	ST. LINE	10%	76751 76	3778 22	(2701 66)	77828 12
DOS		9877 45		9877 45	D. D. BALANCE	10%		987 80		987 80
DOS	143998 02	3176 57	(2246 58)	144928 01	ST. LINE	25%	69462 19	28910 01	(2026 67)	96345 53
DOS		40507 86		40507 86	D. D. BALANCE	25%		10126 96		10126 96
DOS	240583 13	(197546 82)		43036 31						
	9727715 88	831388 62	(328298 67)	10230805 83			5252479 62	640330 58	(255540 92)	6037269 48

AMORTIZATION OF ADD BACK

INVESTMENT CREDIT 204 00

EXCESS TAX OVER [illegible] DEPRECIATION 30238 67

70773 55

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
(44-0374927)

INCOME TAX RETURN - YEAR ENDED APRIL 30, 1967

OTHER EMPLOYEE BENEFITS - INFORMATION

1. NATURE OF BENEFITS	LIFE INSURANCE	MAJOR MEDICAL	TOTAL
2. METHOD OF FINANCING	INSURED	INSURED	
3. DEDUCTION	10 611 44	8 657 52	19268 96
4. EMPLOYEE CONTRIBUTIONS	5927 96	11 040 00	
5. NUMBER OF EMPLOYEES COVERED	136	123	
NUMBER OF EMPLOYEES AT APRIL 30, 1967 -			181

RECONCILIATION OF INCOME PER BOOKS WITH INCOME PER RETURN

LINE PER SCHEDULE M-1		
8	AMORTIZATION OF DISCOUNT ON DEBENTURES (SEE STATEMENT ATTACHED)	109804 00
	EXCESS TAX DEPRECIATION OVER RECORDED BOOK DEPRECIATION	96765 22
	LOSS ON DISPOSITION OF DENVER ALFALFA ASSETS (SEE STATEMENT ATTACHED)	9318 00
	AMORTIZATION OF BOND EXPENSE	5602 00
	AMORTIZATION OF DISALLOWED PRIOR YEARS RENT EXPENSE	801 00
	ADDITIONAL DEPRECIATION RESULTING FROM ADD BACK OF INVESTMENT CREDIT	204 00
	DECREASE IN AUDIT EXPENSE - ACCRUAL	1500 00
		223994 22

524-785 O - 73 (Face blank p. 50) No

National Alfalfa Dehydrating and Milling Company
(44-0374927)

Income Tax Return - Year Ended April 30, 1967

Other Deductions

Travel			107655 02
General			59769 43
Telephone and Telegraph			50478 33
Legal and Audit Fees			25334 21
Commissions and Brokerage			35228 83
Stock Expense			898 13
Postage			6825 05
Secured Loan Costs			5205 68
Moving Costs			484 38
Registration Fees			324 81
Dues and Subscriptions			265 09
Collection Expense			175 78
Loss on Disposition of Denver Alfalfa Assets (See Statement Attached)			318 00
Amortization of Discount on Debentures (see statement attached)			
Pro-rata amortization on debentures outstanding		10980 00	
on debentures retired		98824 00	
Gain on purchase of debentures		(2345 00)	107459 00
Amortization of Bond Issue			560 00
			434 358 74

Schedule D Sale or Exchange of Property under Section 1231

Kind of Property	Date Purchased	Date Sold	Sales Price	Depreciation	Cost	Gain (Loss)
Line 4						
Land	5-24-46	2-28-67	600 00		500 00	-0-
Building	Various	Various	14870 00	42654 93	70 39274	(12967 81)
Machinery	Various	Various	6900 00	178515 12	720403 80	(34988 68)
Autos and Trucks	Various	Various			75 68	(75 68)
Furniture and Fixtures	Various	Various	350 00	630 00	1050 00	(700 00)
						(48102 17)

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

(44-0374927)

INCOME TAX RETURN - YEAR ENDED APRIL 30, 1967

LOSS ON DISPOSITION OF DENVER ALFALFA ASSETS

On May 22, 1946, the taxpayer purchased from the Denver Alfalfa Milling and Products Division of Ralston Purina Company, twenty-five alfalfa plants for $3,875,000. At the date of acquisition the taxpayer recorded in its accounts an amount of $757,544 as "excess of purchase consideration paid over amounts at which plant is recorded in the accounts."

This amount (i.e., $757,544) was amortized in the accounts (but not for tax purposes) until 1954 when the unamortized balance was charged to earned surplus.

Since the acquisition of this property in 1946, there have been certain technological changes in the alfalfa industry which have rendered the property obsolete, and the taxpayer has subsequently disposed of substantially all of the properties.

The taxpayer is, therefore, claiming as a tax deduction in the year of disposition the pro-rata portion of the cost of such plants not previously deducted; and he claims in the year ended April 30, 1967 a loss on disposition in the amount of $9,318.

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

(44-0374927)

INCOME TAX RETURN - YEAR ENDED APRIL 30, 1967

On July 23, 1957 the preferred stockholders of the Company agreed to exchange their $50 par preferred stock for 18-year 5% sinking fund debentures. This exchange was treated as a taxable exchange by the preferred stockholders, as required by the Internal Revenue Code of 1954.

At the time of exchange the fair market value of the preferred stock of the Company was approximately $33 per share. This fair market value is measured by the average of the daily bid and asked prices of the preferred stock for the period July 15 to July 23, 1957, inclusive. Since this was a taxable exchange, the Company is entitled to amortize the difference between the principal amount of the 18-year sinking fund debentures ($50 per share) and the fair market value of the property received in exchange (preferred stock with fair market value of $33 per share). This is as provided by Section 1.61-12 of the Internal Revenue Code Regulations. Also see: American Smelting & Refining Company v. U.S. 130 Fed. 2d 883 and Southern Fertilizer & Chemical Co. v. Edwards, 55-1 USTC Para. 49133.

During the year ended April 30, 1967, the corporation repurchased $204,050.00 face value of these debentures for $201,705.00. At April 30, 1966 the unamortized discount related to these bonds being repurchased was $98,824.00.

In addition, the taxpayer is deducting in the year ended April 30, 1967, $10,980.00 which represents a pro-rata amortization of the discount attributable to the bonds still outstanding at April 30, 1967.

REVISED IN ACCORDANCE WITH NEW LAW RELATING TO SUSPENSION OF INVESTMENT CREDIT

FORM 3468 (REVISED)
U.S. Treasury Department
Internal Revenue Service

Computation of Investment Credit

TO BE ATTACHED TO YOUR TAX RETURN
For the year January 1–December 31, 1966, or other taxable year beginning MAY 1, 1966, ending APRIL 30, 19 67

1966

Name and address
NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
QUENICAF I BLDG 6811 W 63RD STREET P.O. Box SHAWNEE MISSION KANSAS 66201

1 Investment in new and used property including investment in suspension period property
NOTE: Include your share of investment in property by a partnership, estate, trust, small business corporation, or lessor.

Type of property	Line	(1) Life years	(2) Cost or basis	(3) Applicable percentage	(4) Investment (Column 2 x column 3)
NEW PROPERTY	(a)	4 or more but less than 6	688,019.66	33⅓	229,339.89
	(b)	6 or more but less than 8	200,629.91	66⅔	133,753.28
	(c)	8 or more	583,943.81	100	583,943.81
USED PROPERTY (See instructions for dollar limitation)	(d)	4 or more but less than 6	8035.36	33⅓	2678.43
	(e)	6 or more but less than 8		66⅔	
	(f)	8 or more	11274.25	100	11274.25

2 Total investment—Add lines 1(a) through (f)		960,989.66
3 (a) Amount of investment on line 2 which is attributable to suspension period property		231,336.60
(b) Amount of exemption from suspension period property (amount of investment in suspension period property in column 2, line 1, which is selected to be treated as qualified property—not to exceed $20,000)	20,000.00	

(c) Enter in column 2 below the amount of investment on line 3(b) according to life years:

(1) Life years	(2) Cost or basis	(3) Applicable percentage	(4) (Column 2 x column 3)
4 or more but less than 6		33⅓	
6 or more but less than 8		66⅔	
8 or more	20,000.00	100	20,000.00

(d) Total of column 4	20,000.00
4 Line 3(a) less line 3(d)	211,336.60
5 Total qualified investment—Line 2 less line 4	749,653.60
6 Tentative investment credit—7% of line 5 (3% for public utility property)	52,475.75
7 Carryback and carryover of unused credit(s) (attach computation)	107,854.00
8 TOTAL—Add lines 6 and 7	160,329.75

COMPUTATION OF TAX FOR PURPOSES OF LIMITATION

9 (a) Individuals—Enter amount from line 12, page 1, Form 1040	
(b) Estates and trusts—Enter amount from line 25 or 26, page 1, Form 1041	53,259.91
(c) Corporations—Enter amount from line 7, Tax Computation Schedule, Form 1120	
10 Individuals, estates and trusts: (a) Foreign tax credit	
(b) Retirement income credit	
11 Total—Add lines 10(a) and (b)	
12 Line 9 less line 11	53,259.91

LIMITATION BASED ON AMOUNT OF TAX

(Married persons filing separately, affiliated groups, estates and trusts, see instruction 13)

13 (a) Enter amount on line 12 or $25,000, whichever is lesser	25,000.00
(b) If line 12 is in excess of $25,000, enter 25% of the excess 28,561.64% x 28,259.91	8,071.49
14 Total—Add lines 13(a) and (b)	33,071.49
15 Less 7% of line 4 (3% for public utility property)	14,793.56
16 Line 14 less line 15	18,277.93
17 Investment credit—Enter amount on line 8 or line 16, whichever is lesser	18,277.93

SCHEDULE A

If any part of your investment in 1 above was made by a partnership, estate, trust, small business corporation, or lessor complete the following:

Name (Partnership, estate, trust, etc.)	Address	Property: New	Property: Used	Life years
RAPID WAYS, INC.	EXCELSIOR SPRINGS, MISSOURI	$ 207,314.15	$	4-6
RAPID WAYS, INC.	EXCELSIOR SPRINGS, MISSOURI	209,629.91		6-8
RAPID WAYS, INC.	EXCELSIOR SPRINGS, MISSOURI	133,368.84		8 OR MORE

10—70811-1

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
(44-0374927)
INCOME TAX RETURN - YEAR ENDED APRIL 30, 1967

INVESTMENT TAX CREDIT CARRYOVER

	FISCAL YEAR ENDED APRIL 30,					
	1962	1963	1964	1965	1966	TOTAL
INVESTMENT TAX CREDIT	8065	8841	37288	42566	16453	113213
INVESTMENT TAX CREDIT ON STORAGE TANKS; CREDIT NOT TAKEN IN 1966					1610	1610
LESS: INVESTMENT TAX CREDIT RESULTING FROM EARLY DISPOSITIONS —						
PRIOR FISCAL YEARS	1188	95	190	177		1649
CURRENT FISCAL YEAR	210	484	217	4296	112	5319
	6667	8262	36881	38093	17951	107854

COMPUTATION OF NET OPERATING LOSS DEDUCTION

TAX LOSS FOR YEAR ENDED APRIL 30, 1962	9368700
APRIL 30, 1965	9346700
VACATION PAY ERRONEOUSLY NOT DEDUCTED IN YEAR ACCRUED (APRIL 30, 1965)	177800
TAXABLE INCOME FOR YEAR ENDED APRIL 30, 1966	(2297925)
NET OPERATING LOSS DEDUCTION FOR YEAR ENDED APRIL 30, 1967	8003975

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

44-0374927

Page 4

Schedule L—BALANCE SHEETS

ASSETS	Beginning of taxable year (A) Amount	Beginning of taxable year (B) Total	End of taxable year (C) Amount	End of taxable year (D) Total
1 Cash		1,082,412.23		1,005,610.42
2 Trade notes and accounts receivable	612,550.37		529,722.24	
(a) Reserve for bad debts	30,000.00	582,550.37	30,000.00	359,722.24
3 Inventories		562,545.60		672,244.65
4 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)		181,113.44		127,241.27
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets	9,727,715.25		10,230,805.83	
(a) Less accumulated depreciation	5,262,477.52	4,465,237.36	5,580,742.93	4,650,062.90
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)		89,488.46		29,028.46
(a) Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets		6,961,346.26		6,973,669.30
LIABILITIES AND CAPITAL				
15 Accounts payable		184,985.34		244,794.72
16 Mtges., notes, bonds payable in less than 1 yr.		367,742.00		1,732.24
17 Other current liabilities (attach schedule)		132,006.61		204,971.63
18 Loans from stockholders				
19 Mtges., notes, bonds payable in 1 yr. or more				
20 Other liabilities (attach schedule) DEFERRED FEDERAL INCOME TAXES		2,214,432.00		1,437,020.00
21 Capital stock: (a) Preferred stock				32,000.00
(b) Common stock	3,144,583.00	3,144,583.00	3,153,422.00	3,153,422.00
22 Paid-in or capital surplus (attach reconciliation)		157,627.42		169,547.94
23 ~~Retained earnings—Appropriated (attach sch.)~~ RESERVE FOR LOSS ON FOOD PLANT		28,000.00		
24 Retained earnings—Unappropriated		1,006,249.31		2,093,524.40
25 Less cost of treasury stock		(377,274.81)		(450,240.43)
26 Total liabilities and capital		6,961,346.26		6,973,669.30

5. OTHER CURRENT ASSETS

PREPAID INSURANCE	527838	207186
PREPAID FARM EXPENSES	462519	354321
MILL SUPPLIES	697188	822163
OTHER PREPAID EXPENSES	122099	236827
	181113.44	1278127

17. OTHER CURRENT LIABILITIES

ACCRUED WAGES	159752	332203
ACCRUED TAXES	761586	770793
ACCRUED INTEREST	317524	218639
OTHER ACCRUALS	9032	197200
FEDERAL AND STATE INCOME TAX		526170
	1332266	2049963

NATIONAL RECORD DEVELOPMENT AND MILLING COMPANY
(NY-0374827)

INCOME TAX RETURN - YEAR ENDED APRIL 30, 1967

RECONCILIATION OF CAPITAL STOCK AND PAID IN SURPLUS ACCOUNTS

	Common Stock	Paid-In Surplus
BALANCE, APRIL 30, 1966	3146583 00	157627 46
RECEIPTS FROM SALE OF STOCK BY EXERCISE OF EMPLOYEE STOCK OPTIONS		
PAR VALUE	5700 00	
EXCESS CASH RECEIVED OVER PAR VALUE		9262 50
RECEIPTS FROM SALE OF STOCK BY EXERCISE OF WARRANTS		
PAR VALUE	1125 00	
EXCESS CASH RECEIVED OVER PAR VALUE		2625 00
BALANCE, APRIL 30, 1967	3153408 00	169514 96

FORM **4136**

U. S. Treasury Department
Internal Revenue Service

Computation of Credit for Federal Tax on Gasoline and Lubricating Oil

Attach this form to your income tax return for calendar year 1966
or other taxable year beginning MAY 1, 1966, ending APRIL 30, 1967.

1966

Name (as shown on page 1 of your tax return)
NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

Address (number and street or rural route)
CLOVERLEAF BUILDING 6811 W. 63RD STREET

City, town or post office, and State
OVERLAND PARK, KANSAS ZIP code 66201

Type of Use	Gasoline: Number of Gallons Used (A)	Gasoline: Rate of Tax (B)	Gasoline: Column (A) Multiplied by Column (B) (C)	Lubricating Oil: Number of Gallons Used (D)	Lubricating Oil: Rate of Tax (E)	Lubricating Oil: Column (D) Multiplied by Column (E) (F)
1 Nonhighway:						
a. Farms	59,624	.04	$2,384.96	10,728	.06	$643.68
b. Motorboat		.02			.06	
c. Aviation	33,863	.02	677.26	160	.06	9.60
d. Other (specify)		.02			.06	
2 Local transit systems*		.02				
3 Totals			$3,062.22			$653.28
4 Total credit claimed (sum of line 3, columns (C) and (F))						$3,715.50

*Attach a statement with the information required under section 6421 of the Internal Revenue Code and Regulations thereunder. List qualifying "lubricating oil" (see Instruction E) in line 1d column D.

INSTRUCTIONS

A. Who May File.—Any individual, estate, trust, or corporation, including a small business corporation, claiming credit for Federal excise tax on the number of gallons of gasoline and lubricating oil used must file and attach this form to the income tax return. Partnerships are not required to file this form because the credit for Federal excise tax on gasoline and lubricating oil used is claimed by the partners. However, partnerships must attach a statement to their returns, Form 1065, showing the allocation of the number of gallons used of gasoline and lubricating oil to the partners by the type of use as shown above.

Special refund provisions are available, if the credit for any of the first three quarters of your taxable year amounts to $1,000 or more (see Instruction D).

B. Period Covered:

(1) *Calendar Year Taxpayers.*—Enter in the appropriate line the number of gallons of gasoline used after June 30, 1965, and before January 1, 1967, and the number of gallons of lubricating oil used after December 31, 1965, and before January 1, 1967.

(2) *Fiscal Year Taxpayers.*—For years beginning after January 1, 1966, and before July 1, 1966, enter the number of gallons of gasoline used after June 30, 1965, through the end of your taxable year; for taxable years beginning on or after July 1, 1966, enter the number of gallons of gasoline used during your taxable year.

For years beginning after January 1, 1966, enter the number of gallons of lubricating oil used after December 31, 1965, through the end of your taxable year.

C. Must Be Timely Filed For Credit on Income Tax Return.—No credit will be allowed on Form 4136 unless claimed on a timely filed income tax return (including any extension).

D. Quarterly Tax Refund of $1,000 or More.—For any of the first three quarters of your taxable year, a claim, Form 843, may be filed for: (a) refund of tax of $1,000 or more for gasoline used (except for farmers), or (b) refund of tax of $1,000 or more for lubricating oil used. However, no claim will be allowed unless filed on or before the last day of the following quarter. A claim for both gasoline and lubricating oil should provide separate computations following the format as shown above.

E. What Lubricating Oil To Include.—A credit may be claimed for lubricating oil (other than cutting oils and other than oil which has previously been used) which is used otherwise than in a highway motor vehicle. Cutting oils are those oils which are sold for use in cutting and machining operation (including forging, drawing, rolling, shearing, punching, and stamping) on metals. Examples of uses of lubricating oil otherwise than in a highway motor vehicle are oiling plant machinery and lubricating vehicles other than highway motor vehicles, such as bulldozers, power shovels, farm tractors, etc.

Do not include oil: (a) used in a highway motor vehicle, such as a truck, even if it is operated off the highway, (b) sold free of the Federal excise tax on lubricating oil, such

650—16—79430-3

Schedule I—SPECIAL DEDUCTIONS

1 (a) 85 percent of line 1, Schedule C	
(b) 60.208 percent of line 2, Schedule C	
(c) 85 percent of line 3, Schedule C	
2 Total (not to exceed 85 percent of [line 28, page 1, less the sum of lines 3 and 5 of this schedule]). (The 85 percent limitation does not apply to a year in which a net operating loss occurs.)	
3 100 percent of line 7, Schedule C	
4 Dividends paid on certain preferred stock of public utilities (see instructions in case of net operating loss)	
5 Western Hemisphere trade corporations (not allowable in year of net operating loss)	
6 Total special deductions—Add lines 2 through 5. Enter here and on line 29(b), page 1	

Schedule J—TAX COMPUTATION

1 Taxable income (line 30, page 1)		124,499.80
2 Surtax exemption (line 1, $25,000, or amount apportioned under section 1561, whichever is lesser)		25,000.00
3 Line 1 less line 2		99,499.80
4 (a) 22 percent of line 1	27,389.96	
(b) 26 percent of line 3	25,869.95	
(c) If multiple surtax exemption is elected under section 1562, enter 6 percent of line 2		53,259.91
5 Income tax (line 4, or line 26 of separate Schedule D, whichever is lesser)		53,259.91
6 Foreign tax credit (attach Form 1118)		
7 Line 5 less line 6		53,259.91
8 Investment credit (attach Form 3468)		18,277.93
9 Line 7 less line 8		34,981.98
10 Tax under section 541 of the Internal Revenue Code (attach Schedule 1120 PH)		
11 Tax from recomputing prior year investment credit (attach computation)		
12 Total tax—Add lines 9, 10, and 11. Enter here and on line 31, page 1		34981.98

H Date incorporated MAY 4 1946

I (1) Did the corporation at the end of the taxable year own directly or indirectly 50 percent or more of the voting stock of a domestic corporation? Yes ☐ No ☒

(2) Did any corporation, individual, partnership, trust, or association at the end of the taxable year own directly or indirectly 50 percent or more of the corporation's voting stock? Yes ☐ No ☒ (For rules of attribution, see section 267(c).)

If the answer to (1) or (2) is "Yes," attach a schedule showing:
(a) name, address, and identifying number; and
(b) percentage owned.

If the answer to (1) above is "Yes," include the taxable income (or loss) of such corporation for the taxable year ending with or within your taxable year.

J Did you have any contracts or subcontracts subject to the Renegotiation Act of 1951? Yes ☐ No ☒

If "Yes," see inst. K. Enter amount here

K Did you at any time during the year own directly or indirectly any stock of a foreign corporation? Yes ☐ No ☒

If "Yes," attach statement required by instruction N.

L Amount of taxable income (or loss) for 4/30 1965 $ 1,150,678.00
4/30 1966 $ (936,425.00) 4/30 1967 $ 229,792.25

M Did you claim a deduction for expenses connected with:

(1) A hunting lodge ☐, working ranch or farm ☐, fishing camp ☐, resort property ☐, pleasure boat or yacht ☐, or other similar facility ☐? (Other than where the operation of the facility was the principal business.) Yes ☐ No ☒

(2) The leasing, renting, or ownership of a hotel room or suite ☐, apartment ☐, or other dwelling ☐, which was used by customers or employees or members of their families? (Other than use by employees while in business travel status.) Yes ☐ No ☒

(3) The attendance of your employees' families at conventions or business meetings? Yes ☐ No ☒

(4) Vacations for employees or members of their families? (Other than amount reported on Form W-2.) Yes ☐ No ☒

N Refer to page 7 of instructions and state the:

Principal business activity MANUFACTURE AND SALE OF ALFALFA MEAL

Principal product or service ALFALFA MEAL

O Were you a member of a controlled group subject to the provisions of section 1561? Yes ☐ No ☒, or section 1562? Yes ☐ No ☒

If "Yes," check type of relationship:
(1) parent-subsidiary ☐
(2) brother-sister ☐
(3) combination of (1) and (2) ☐ (see section 1563)

P Were you liable for filing Forms 1096 and 1099 or 1087 for the calendar year 1966? Yes ☒ No ☐

If "Yes," where were they filed? ST. LOUIS, MISSOURI

Q Did you make distributions during the taxable year:

(1) that are not considered wholly taxable as dividends to shareholders because of insufficient earnings and profits, or (2) in a section 333 liquidation where shareholders are taxed on their pro rata share of earnings and profits? Yes ☐ No ☒ (See sections 316, 301, and 333.) If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.

R Was there any substantial change in the manner of determining quantities, costs, or valuations between opening and closing inventory? Yes ☐ No ☒ If "Yes," attach explanation.

S Were you a U.S. shareholder of any controlled foreign corporation? Yes ☐ No ☒. (See sections 951 and 957.) If "Yes," attach Form 3646 for each such corporation.

Schedule L—BALANCE SHEETS

ASSETS	Beginning of taxable year (A) Amount	Beginning of taxable year (B) Total	End of taxable year (C) Amount	End of taxable year (D) Total
1 Cash				
2 Trade notes and accounts receivable			389796.22	
(a) Less allowance for bad debts			30000.00	
3 Inventories				
4 Gov't obligations: (a) U.S. and instrumentalities		563545.60		643262.05
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets			10230805.83	
(a) Less accumulated depreciation			5580742.93	
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)		SCHEDULE ATTACHED		
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets				6915661.36
LIABILITIES AND CAPITAL				
15 Accounts payable				
16 Mtges., notes, bonds payable in less than 1 yr.				
17 Other current liabilities (attach schedule)				
18 Loans from stockholders				
19 Mtges., notes, bonds payable in 1 yr. or more				
20 Other liabilities (attach schedule)				
21 Capital stock: (a) Preferred stock				
(b) Common stock		2869308.19		2701044.58
22 Paid-in or capital surplus (attach reconciliation)		157627.46		169514.96
23 Retained earnings—Appropriated (attach sch.)				
24 Retained earnings—Unappropriated		1006249.31		2093524.40
25 Less cost of treasury stock		( )		( )
26 Total liabilities and capital				

Schedule M-1—RECONCILIATION OF INCOME PER BOOKS WITH INCOME PER RETURN

1 Net income per books	1087275.09	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax	74538.68	(a) Nontaxable interest $	
3 Excess of capital losses over capital gains		DECREASE IN RESERVE FOR LOSS ON DISPOSITION OF TRK. RENT EQUIPMENT	28003.00
4 Taxable income not recorded on books this year (itemize)		8 Deductions in this tax return not charged against book income this year (itemize)	
		(a) Depreciation $	
5 Expenses recorded on books this year not deducted in this return (itemize)		(b) Depletion $	
(a) Depreciation $			
(b) Depletion $		SCHEDULE ATTACHED	223994.22
		9 Total of lines 7 and 8	251994.22
ACCRUED RENT EXPENSE	15000.00	10 Income (line 28, page 1)—line 6 less 9	924819.55
6 Total of lines 1 through 5	1176813.77		

Schedule M-2—ANALYSIS OF UNAPPROPRIATED RETAINED EARNINGS PER BOOKS (line 24, page 4)

1 Balance at beginning of year	1006249.31	5 Distributions: (a) Cash	
2 Net income per books	1087275.09	(b) Stock	
3 Other increases (itemize)		(c) Property	
		6 Other decreases (itemize)	
4 Total of lines 1, 2, and 3	2093524.40	7 Total of lines 5 and 6	
		8 Balance at end of year (line 4 less 7)	2093524.40

Schedule L—BALANCE SHEETS

ASSETS	Beginning of taxable year (A) Amount	Beginning of taxable year (B) Total	End of taxable year (C) Amount	End of taxable year (D) Total
1 Cash			389796.22	
2 Trade notes and accounts receivable			30000.00	
(a) Less allowance for bad debts				
3 Inventories		563545.60		643262.05
4 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets			10230805.83	
(a) Less accumulated depreciation			5580742.93	
10 Depletable assets				
(a) Less accumulated depletion		SCHEDULE		
11 Land (net of any amortization)		ATTACHED		
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule)				691566.36
14 Total assets				
LIABILITIES AND CAPITAL				
15 Accounts payable				
16 Mtges., notes, bonds payable in less than 1 yr.				
17 Other current liabilities (attach schedule)				
18 Loans from stockholders				
19 Mtges., notes, bonds payable in 1 yr. or more				
20 Other liabilities (attach schedule)				
21 Capital stock: (a) Preferred stock		2869308.19		2701044.58
(b) Common stock		157627.46		169514.96
22 Paid-in or capital surplus (attach reconciliation)				
23 Retained earnings—Appropriated (attach sch.)				
24 Retained earnings—Unappropriated		1006249.31		2093524.40
25 Less cost of treasury stock		( )		( )
26 Total liabilities and capital				

Schedule M-1—RECONCILIATION OF INCOME PER BOOKS WITH INCOME PER RETURN

1 Net income per books	1087275.09	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax	74538.68	(a) Nontaxable Interest $	
3 Excess of capital losses over capital gains		DECREASE IN RESERVE FOR LOSS ON DISPOSITION OF DEPT. FOR REPLACEMENT	28000.00
4 Taxable income not recorded on books this year (itemize)		8 Deductions in this tax return not charged against book income this year (itemize)	
5 Expenses recorded on books this year not deducted in this return (itemize)		(a) Depreciation $	
(a) Depreciation $		(b) Depletion $	
(b) Depletion $		SCHEDULE ATTACHED	223994.22
ACCRUED RENT EXPENSE	15000.00	9 Total of lines 7 and 8	251994.22
6 Total of lines 1 through 5	1176813.77	10 Income (line 28, page 1)—line 6 less 9	924819.55

Schedule M-2—ANALYSIS OF UNAPPROPRIATED RETAINED EARNINGS PER BOOKS (line 24, page 4)

1 Balance at beginning of year	1006249.31	5 Distributions: (a) Cash	
2 Net income per books	1087275.09	(b) Stock	
3 Other increases (itemize)		(c) Property	
		6 Other decreases (itemize)	
		7 Total of lines 5 and 6	
4 Total of lines 1, 2, and 3	2093524.40	8 Balance at end of year (line 4 less 7)	2093524.40

STIPULATION EXHIBIT 11

Minutes of Directors Meeting, April 8, 1957.

MINUTES OF ADJOURNED QUARTERLY MEETING OF THE BOARD OF DIRECTORS OF NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

April 8, 1957.

The regular quarterly meeting of the Board of Directors of National Alfalfa Dehydrating and Milling Company reconvened at the Peabody Hotel in Memphis, Tennessee on Monday, April 8, 1957 at 9:00 A.M., pursuant to call and notice.

The following directors were present:

John F. Connelly
James J. Davis
Robert W. Drummond
Henry A. Hofmann
R. E. Nye
Frank N. Piasecki
John R. Porter
Louis Silverstein
Cyril C. Slapnicka
Edgar M. Tutwiler

constituting a majority of the Board.

Directors absent:

C. M. Saunders
Carl M. Shinn
Gus Wolfe

In addition to the directors, L. R. Pollock, Secretary of the Company, was present: also upon invitation W. J. Small, A. R. McFadden, Vice-President in charge of Sales and Dr. J. R. Couch of Texas A & M College.

The meeting was called to order by John R. Porter, Chairman of the Board, who presided over the meeting. L. R. Pollock, Secretary of the Company acted as Secretary of the meeting.

The chairman stated that the first order of business would be the reading of the minutes of the last meeting of the directors. Inasmuch as each of the directors had been furnished, in ad-

vance of the meeting, with a copy of the minutes of the last meeting of the Board, held February 8, 1957, and was familiar with the proceedings therof, and offered no suggestions or corrections thereto, it was moved by Edgar M. Tutwiler that the reading of the minutes be dispensed with and that they be approved as recorded, which motion was seconded by James J. Davis and carried.

At the request of the President, A. R. McFadden reviewed the benefits which have accrued to this company following the program adopted of producing and advertising to the trade a high quality product for which our customers are willing to pay a nice premium over that received for standard 17%, 100,000 A meal. Mr. McFadden outlined plans for improving still further the quality of our production, particularly a 20% meal for inclusion in broiler rations.

Following the above discussion Mr. McFadden introduced Dr. J. R. Couch now employed by this Company on a retainer basis as nutritionist.

Dr. Couch discussed the specialization taking place in all phases of livestock feeding. The commercial dairyman, commercial swine grower, broiler factories and commercial egg producers were producing so efficiently today on modern feeds that the diversified feeding on farms was virtually a thing of the past.

He pointed out that the 6½ to 7 pounds of feed required to produce a 3½ pound broiler over a sixteen week period as compared to 2½ pounds of feed today to produce a broiler equal in weight in nine weeks. Such advances in poultry nutrition have been brought about through the use of antibiotics, improved ingredients and scientific formulation.

He further pointed out that the first work done on high energy feeds was in 1947–48 by Dr. E. P. Singsen of the University of Connecticut, using a high corn ratio up to 60%, which induced into the ration a high level of fat. The energy content of feed is directly related to the fat content; thus, the addition of animal fats has been a new development within the past three to four years. It was Dr. Couch's feeling that National Alfalfa was the only firm in the dehydrating industry with a progressive look toward product improvement. He feels that our 20% fibre product is only a stepping stone to greater improvements which will, no doubt, be brought about within the next year's passing and that we shall try to develop a product

down in the 12–14% total fibre range. He believes these products could be sold at a 5–6¢ per pound price with good market acceptance.

The need for dehydrated alfalfa meal of higher quality is also well established for pigmentation purposes and he made the remark that during a recent conference, the question most often asked of him was "how do we get adequate pigmentation?" He pointed out that many feed firms were using corn gluten meal as a pigmentation factor and paying high prices for it. In the Southwestern states, where they are using an all-white ration; that is, consisting of milo or white corn, that the pigmentation was a very definite problem with them. And our product should have much appeal since it is now the only product providing Xanthophyll in appreciable quantities. Inasmuch as our business is getting more technical, Dr. Couch was agreeable to working with us on some special brochures covering specific feed applications. Mr. Frank Piasecki asked if the energy of dehydrated alfalfa was measured in terms of calories and the response from Dr. Couch was in the affirmative.

Copies of the Profit and Loss Statements for the months of March 1956 and 1957 and for the eleven months periods ended March 31, 1956 and 1957, and the Comparative Balance Sheets as of March 31, 1956 and 1957 were distributed. The Comparative Profit and Loss Statements reflected a net operating profit of $107,377.18 for the month of March 1957 as compared to a loss of $5,476.25 for the same month in 1956; also a net operating profit of $388,557.72 for the eleven months ended March 31, 1957 as compared to a loss of $381,217.71 for the eleven months of the preceding year. The indebtedness of the Company to the Banks providing working capital has been entirely retired, whereas a year ago there still remained unpaid $1,708,000.00. As of March 31, 1957 the inventories of meal in storage have been reduced to 17,354 tons carried at an average price of $44.47 per ton, whereas on March 31, 1956 there were 48,371 tons in storage carried at $46.20 per ton.

In discussing the financing program of the Company for the ensuing season Mr. Hofmann stated that he had approached several of the banks which had participated in the credit line extended for providing working capital funds last year. He estimated that we will require $3,500,000.00 this year. It appears that several of the banks heretofore participating prefer to retire from the program, however, it is thought that they will go

along another year. It is also probable that certain banking interests in Toledo and Memphis will join in the line. Final arrangements cannot be made until an audited statement disclosing the results of the current year operations are available for the banks inspection. In the meantime some arrangement for intermediate financing must be considered.

The Chairman then called for a report of the Executive Committee relative to the progress which had been made in formulating a plan of reorganization to include the retirement of the outstanding 5% Cumulative Preferred Stock of the Company and forgiveness or cancellation of accumulated delinquent Preferred Stock dividends.

Speaking for the Committee Robert W. Drummond gave a detailed report of the program developed in conference with W. J. Small and which is being submitted to the Board for its consideration and action before being submitted to the vote of the stockholders of the Company. In brief the proposed plan would require the Preferred Stockholders to surrender their stock and receive in exchange 5% debenture bonds of the Company on the basis of one share of preferred stock for one $50.00, 5% debenture bond, due July 1, 1975. In addition the plan includes an increase in the indebtedness of the Company by $2,352,950.00 to provide for an issue of debentures in like amount to holders of 5% preferred stock for preferred stock surrendered in exchange for said debentures; changing the par value of the Common Stock of the Company from $1.00 to $3.00 per share and amending the certificate of Incorporation to reflect the foregoing changes. The plan further provides in lieu of preferred stock dividend arrears accumulated on said Preferred Stock, which as of July 1, 1957 will amount to $10.00 per share, the Preferred Stockholders would receive for each share of Preferred Stock held one warrant evidencing their right to subscribe to one-half share of Common Stock of the Company at a price of $10.00 per share.

After full discussion and careful consideration the following resolution was introduced by Louis Silverstein, who moved its adoption, which motion was seconded by John F. Connelly and unanimously carried:

RESOLUTION

RESOLVED, that the officers of the Company, be and they are hereby authorized to effectuate a reorganization of the Company by way of recapitalization, and

RESOLVED, that the President or Vice-President and the Secretary or Assistant Secretary of the Company be and they are hereby authorized to enter into a trust indenture with Fidelity-Philadelphia Trust Company of Philadelphia, Pennsylvania, dated, as of July 1, 1957, pursuant to the terms of which there shall be issued $2,352,950.00 principal amount 5% Debentures, due July 1, 1975, which said bonds shall be issued in exchange for shares of the 5% Cumulative Preferred Stock on the basis of $50.00 principal amount of such debentures for each share of preferred stock and that this resolution, when ratified by the shareholders shall constitute authority for said issue, and

RESOLVED, that the Company be authorized to issue warrants for the purchase of the common stock of the Company to each preferred shareholder participating in the exchange of his preferred stock for Debentures of the Company in the reorganization effective August 1, 1957, on the basis of one warrant for each share of Preferred Stock surrendered, said warrants to evidence the right to purchase one-half (½) share of common stock and said warrants to be exercisable to purchase only full shares of common stock of the Company at a price of $10.00 per share at any time from the date of issue until July 1, 1969 or so long as any debenture bonds remain outstanding, after which date warrants will become void, and

RESOLVED, that the Company increase the par value of its shares from $1.00 to $3.00 and that the amount $1,580,000.00 be transferred from Paid-In-Capital to the Capital Account in order to effectuate this resolution and reflect the increase in par value of the Common Stock, and

RESOLVED, that the Articles of Incorporation of the Company be amended by changing Article FOURTH to read as follows:

"The total number of shares of stock which the Corporation will have authority to issue is 1,000,000 shares of Common Stock of the par value of $3.00 per share.

The minimum amount of capital with which the Corporation will commence business will be $1,000.00."

1. Each share of Common Stock shall be entitled to one vote per share in any matter requiring a vote of shareholders and each share shall be entitled to, upon any liquidation, dissolution, or winding up of the affairs of the Corporation, whether voluntary or involuntary, to participate pro-rata in the assets available for distribution.

2. No holder of shares of stock of the Corporation shall be entitled, as such, to subscribe to or purchase any additional shares of stock, whether now or hereafter authorized, or obligations convertible into any class or classes of stock, or shares of stock of any class convertible into any class or classes, or obligations, shares of stock or other securities carrying warrants or rights to subscribe to shares of stock of the Corporation of any class or classes, in any case whether now or hereafter authorized, but any and all shares of stocks, bonds, debentures or other securities or obligations, whether or not convertible into stock or carrying warrants or rights entitling the holders thereof to subscribe to stock may be issued, sold or disposed of from time to time by the Board of Directors to such persons, firms or corporations and for such consideration, so far as may be permitted by law, as it shall from time to time in its absolute discretion determine, without offering the same to the holders of shares of stock of the Corporation or any class then outstanding.

3. The Company shall be entitled to issue warrants for the purchase of common stock on such terms as the Board of Directors may determine but such warrants when issued shall be binding on future actions of the Board of Directors and the terms thereof shall not be altered, amended or repealed without the consent of such warrant holders, AND

RESOLVED, that this resolution and the reorganization and recapitalization contemplated hereby be submitted to a vote of the shareholders, and if adopted by the requisite number of shareholders, all rights and privileges of the 5% Cumulative Preferred Shares heretofore expressed or inherent in the ownership of said Preferred Stock shall cease and determine as of August 1, 1957 except such right to surrender the said shares of stock

on the terms herein contained except as otherwise provided by law, and

RESOLVED, that the officers of the Company be hereby authorized to submit the Plan of Reorganization to the Commissioner of Internal Revenue in an attempt to have the said Plan qualified as a tax free reorganization under the Internal Revenue Code of 1954, and

RESOLVED, that the officers of the Company be hereby authorized to incur any and all necessary expenses to effectuate the Plan of Reorganization approved and adopted by this meeting of the Board of Directors.

The Secretary reported that the Committee, heretofore appointed to negotiate the sale of plants with substandard earnings or non-productive properties, at the best prices obtainable, had concluded the sale of 23 small labor houses and buildings located at Bristol, Wilson Junction, McClave, Wiley, Fort Lyon, King Center, May Valley and Melina, including small tracts of land on which adobe or stucco buildings, which could not be moved, were located; also that negotiations were pending for sale of other buildings of like nature. Inasmuch as the amount involved in each instance is small it was the consensus of the Board that blanket approval be given covering the action of the officers and agents of the Company in agreeing to and concluding the sale of such properties and that the sales be, in all respects, ratified, approved and confirmed.

The Secretary presented the request of the Department of Highways in Alexander County, Illinois for a right-of-way grant for public highways across the south side of that tract of land in the NE¼ of the NE¼ of the NE¼ of Section 10, Township 14 South, Range 3 West of the 3rd Principal Meredian purchased by this Company from Western Alfalfa Meal Company March 31, 1956, said grant containing approximately 0.02 acres more or less. After due consideration the following resolution was introduced and on motion made, seconded and carried, was adopted:

RESOLUTION

RESOLVED, that the President or any Vice President and the Secretary or any Assistant Secretary or other proper officers of the Company are hereby authorized and directed to execute and deliver a right-of-way grant or easement to the People of the State of Illinois for

a public highway across the following described par
of land in Alexander County, Illinois, to-wit:

'All that part of the following described tract of grou
lying southeasterly of a line situated 40 feet dist
northwesterly from and parallel to the centerline
Forest Highway No. 13, containing 0.02 acres more
less, to-wit:

All that part of the N½ of the NE¼ of the NE
of Section 10, Township 14 South, Range 3 West of t
3rd P. M. which was originally platted in Block 2 a
Railroad Street of Throckmorton's First Subdivisio
near or in McClure, Alexander County, Illinois, as sho
by the plat thereof recorded in Book E. of plats, page
in the office of the Recorder of Alexander County a
later replatted by Ira Hastings and Nettie Hastin
as shown by the plat thereof recorded in Book E
Plats, page 66, in the office of said Recorder, except
parcel of ground in the southwesterly corner there
50 feet wide in an easterly and westerly direction a
180 feet long in a northerly and southerly directio
containing about .205 acres, more or less, conveyed
Warren Samuel Hastings and Ruby Earlean Hastin
his wife and Ira Vernon Hastings, a bachelor, to Willi
A. Abernathie by Warranty Deed, dated March 10, 193
and recorded March 12, 1936 in Book 14 of Deeds, pa
448, in the office of said Recorder, including an eas
ment on the strip of land 10 feet wide in an easterly a
westerly direction, 180 feet long in a northerly a
Southerly direction, lying on the east side and adjoi
ing the parcel of ground conveyed to William A. Ab
nathy.

The request of The First National City Bank of New Yo
Transfer Agent for the Company, for a resolution authorizi
that Bank, as Transfer Agent, to issue and cause to be reg
tered by the City Farmers Trust Company, as Registrar,
replacement certificate in lieu of Certificate No. NLO 3642
65 shares of the 5% Cumulative Preferred $50.00 par val
stock, registered in the name of Helen R. White, reported lo
with which request a counterpart of "Affidavit of Loss a
Ownership" and "Indemnity Bond" executed by the Mas
chusetts Bonding and Insurance Company assuming liabil
thereunder, was submitted. After consideration the followi

resolution was introduced and on motion made, seconded and carried, was adopted:

RESOLUTION

WHEREAS, Section 5 of Article V of the By-Laws of this Company provides that the Board of Directors may direct a new certificate or certificates to be issued in place of any ———— certificates theretofore issued by the corporation alleged to have been lost or destroyed, upon making an affidavit of the fact by the person claiming the certificate to be lost, and the Board of Directors may, in its discretion in such case, require the owner of such lost or destroyed certificate or certificates, or his legal representative to advertise the same and/or to give bond in such amount as it may direct as indemnity against any claim that may be made against the corporation, and

WHEREAS, there has now been supplied to the First National City Bank of New York, New York, Transfer Agent of the Company, an affidavit of Helen Rice White, certifying that certificate No. NLO 3642 for 65 shares of 5% Cumulative Preferred $50.00 Par Value Stock, registered in the name of Helen R. White, was received in the spring of 1956 and temporarily placed with other correspondence on dresser top. Deponent further certifies that in cleaning, another member of the family emptied a wastebasket next to the dresser, into which the certificate had fallen. The waste material was burned, including the certificate. The loss was discovered the next day by deponent. A diligent household search failed to reveal the certificate, and

WHEREAS, the Massachusetts Bonding and Insurance Company has assumed liability under Lost Security Blanket Bond No. J632052 to indemnify this Company and save it harmless from any loss of every nature whatsoever arising from and out of the issuance by this Company of a replacement certificate in the name of Helen R. White to evidence said 65 shares of 5% Cumulative Preferred Stock, and

WHEREAS, the said Transfer Agent has supplied copies of said affidavit of Helen Rice White and bond of Massachusetts Bonding and Insurance Company assuming lia-

bility and acceptance of this risk which have been presented to this Company, and

WHEREAS, By reason of the foregoing, it is not deemed necessary by the Board to require the owner of the lost certificate aforesaid to advertise the same in view of said affidavit and indemnity bond protecting this Company.

NOW THEREFORE, BE IT RESOLVED, that the aforesaid affidavit and indemnity bond in favor of this Company, executed by Massachusetts Bonding and Insurance Company, counterparts of which were presented to this meeting, be and the same are approved by this Company;

That the First National City Bank of New York, New York Transfer Agent of this Company, be and it hereby is authorized and directed to issue and countersign as Transfer Agent and deliver to the City Bank Farmers Trust Company of New York, Registrar of this Company, a replacement certificate registered in the name of Helen R. White to stand in lieu of the above certificate reported lost;

That the City Bank Farmers Trust Company, New York, Registrar of this Company, be and it hereby is authorized to countersign as Registrar the said replacement certificate authorized and directed to be issued in this resolution;

That as and when said replacement certificate has been duly issued and countersigned by said Transfer Agent and Registrar of this Company, that proper steps be taken by said Transfer and/or Registrar to deliver said certificate to Helen Rice White.

The attention of the Board was directed to the losses sustained at Wiley, Colorado as a result of an extremely violent windstorm on Wednesday afternoon, March 13, 1957. Hay sheds Numbers 3 and 5 were completely demolished, Warehouse No. 1 was seriously damaged and warehouse No. 2 and the Office Building to a lesser degree. Claim in the amount of $16,425.04 has been made to cover these losses as follows:

Hay Shed No. 3	$7,100.00
Hay Shed No. 5	7,000.00
Warehouse No. 1	1,568.70
Warehouse No. 2	245.00
Office Building	511.34
	$16,425.04

The attention of the Board was directed to the matter of carrying life insurance on the life of the President of the Company to compensate the Company for the loss of services in event of the President's death. Several plans, which had been submitted by the Continental Assurance Agency in Philadelphia were given consideration. It was the consensus of the Board that it is for the best interests of the Company that life insurance be carried on the life of the President at the Company's expense with the Company to be named the beneficiary. Thereupon the following resolution was introduced and on motion, made, seconded and carried, was adopted:

RESOLUTION

RESOLVED that the proper officers of this company be and they hereby are authorized, empowered and directed to enter into and complete negotiations with such life insurance company or companies as in their discretion is for the best interest of the Company for life insurance coverage on the life of Henry A. Hofmann, President of this Company, in the principal amount of $500,000.00 with the Company named as beneficiary thereunder, and

BE IT FURTHER RESOLVED, that the officers of this Company be and they hereby are authorized and directed to do any and all things necessary or desirable to carry out the provisions of this resolution.

In connection with matters incident to the Annual Meeting of the Stockholders the Secretary stated that the names of persons to be inserted as proxies in the Notice of Meeting should be selected and approved by the Board; also that the date for the determination of the stockholders entitled to vote at the Annual Meeting to be held July 23, 1957, should be fixed by the Board, whereupon the following resolution was introduced and, on motion made, seconded and carried, was adopted:

RESOLUTION

WHEREAS, in order to assist in securing a quorum at the Annual Meeting of the Stockholders to be held July 23, 1957, it is deemed advisable for the Company to solicit proxies and to designate a Proxy Committee or Committees.

NOW THEREFORE, BE IT RESOLVED, that John R. Porter, Robert W. Drummond and Edgar M. Tutwiler be and each hereby is designated as one of the proxies to be so named as a member of such Proxy Committee to represent the Common Stockholders, and

BE IT FURTHER RESOLVED, that W. J. Small, Gus Wolfe and R. E. Nye be and each hereby is designated as one of the proxies to be so named as a member of such Proxy Committee to represent the 5% Cumulative Preferred Stockholders, and

WHEREAS, in lieu of closing the stock transfer books for the determination of the stockholders entitled to vote at the Annual Meeting to be held July 23, 1957 or any adjournment thereof it is deemed preferable to fix a date for such determination,

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the stock transfer books will not be closed but that June 21, 1957 be and hereby is fixed as the date for the determination of the stockholders entitled to vote at the Annual Meeting of the stockholders to be held July 23, 1957.

The attention of the Board was then directed to the form of notice of Annual Stockholders Meeting and to the information to be included in the Proxy and Proxy Statement, which must be filed with the Securities and Exchange Commission ten days before the mailing to the stockholders in connection with the solicitation of proxies by the Management to be used at the Annual Meeting of the Stockholders for the election of Directors and the transaction of such other business as may properly come before the meeting. It was pointed out that the names of such persons for whom the proxies were to be voted as Directors together with pertinent information, including principal occupations, stock ownership, etc., as to each must be shown. Upon motion made, seconded and carried, the following thirteen persons were designated as the persons for whom said proxies were to be voted for the office of Director of the Company for the ensuing fiscal year, and until their successors were duly elected and qualified, to-wit:

To be elected by Common Stockholders

John F. Connelly
James J. Davis
Robert W. Drummond
Edgar M. Tutwiler

Henry A. Hofmann
John R. Porter
Clarence M. Saunders
Louis Silverstein
F. N. Piasecki

To be elected by Preferred Stockholders

R. E. Nye
Carl M. Shinn
Cyril C. Slapnicka
Gus Wolfe

It was the consensus of the Board that the preparation of the President's Annual Message to the Stockholders, to accompany the Notice of Annual Meeting and Financial Report to the Stockholders, be delegated to Messrs. Hofmann, Drummond and Davis.

The attention of the Board was then directed to the quarterly dividend, due and payable on the 5% Cumulative Preferred Stock of the Company on June 1, 1957. In view of the undetermined income tax liability of the Company resulting from the sale of the Garden City gas storage facilities to Grain Elevator Warehouse Company and the proposed recapitalization program to be submitted to vote of the stockholders at the annual meeting no action was taken by the Board.

Inasmuch as all the business of the Company, which would come up for consideration and action at the regular meeting of the Board scheduled to be held Wednesday, June 11, 1957, has been considered and acted upon at this meeting it was the consensus of the Board that said regular meeting of the Board of Directors to be held June 11, 1957 be adjourned to reconvene on the date and at the place to be fixed by vote of the stockholders at the Annual Meeting to be held July 23, 1957 as the organization meeting of the newly elected Board of Directors.

There being no further business to come before the meeting the same was, on motion made, seconded and carried, adjourned.

L. R. Pollock,
Secretary.

STIPULATION EXHIBIT 12

Indenture Dated as of July 1, 1957.

ATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

and

FIDELITY-PHILADELPHIA TRUST COMPANY

As Trustee

Indenture

Dated as of July 1, 1957

$2,352,950 Eighteen Year 5% Debentures

Due July 1, 1975

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THIS INDENTURE dated as of July 1, 1957, between NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY, a corporation duly organized and existing under the laws of the State of Delaware, party of the first part (hereinafter called the "Company"), and Fidelity-Philadelphia Trust Company, a state bank organized and existing under the laws of the Commonwealth of Pennsylvania, party of the second part (hereinafter called the "Trustee"),

WITNESSETH:

WHEREAS, the Company has duly authorized the issue of its Eighteen Year 5% Debentures, for an aggregate principal amount of $2,352,950; and

WHEREAS, to provide for the authentication and delivery of the Debentures by the Trustee and to establish the terms and conditions upon which the Debentures are to be issued, the Company has duly authorized the execution and delivery of this Indenture; and

WHEREAS, the form of the Debentures, and the form of the Trustee's certificate of authentication to be executed thereon, shall be substantially as follows, with such appropriate insertions, omissions, substitutions and variations as are herein provided or permitted:

[FORM OF DEBENTURE]

No. $

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

EIGHTEEN YEAR 5% DEBENTURES

DUE JULY 1, 1975

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY (hereinafter called the "Company"), a corporation duly organized and existing under the laws of the State of Delaware, for value received, hereby promises to pay on the 1st day of July, 1975, to ,
the registered holder hereof, at the principal office of the Trustee under the Indenture hereinafter mentioned, in the City of Philadelphia, Pennsylvania, the principal amount of Dollars
($) in lawful money of the United States of America which at

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the time of payment is legal tender for public and private debts, and to pay interest thereon at said office in like lawful money on January 1 and July 1 in each year, at the rate of 5% per annum until said principal amount shall be paid or the payment thereof shall have been duly provided.

This Debenture is one of a duly authorized issue of Debentures of the Company known as its Eighteen Year 5% Debentures (hereinafter called the "Debentures"), limited to the aggregate principal amount of $2,352,950, all issued and to be issued under and pursuant to an Indenture dated as of July 1, 1957, made and entered into between the Company and Fidelity-Philadelphia Trust Company as Trustee, to which Indenture and any indentures supplemental thereto (all hereinafter collectively called the "Indenture") reference is hereby made for a description of the rights, duties and immunities thereunder of the Trustee and the rights and limitations of rights thereunder of the holders of the Debentures of the Company.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than 66⅔% in aggregate principal amount of the then outstanding Debentures, evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture; provided, however, that no such supplemental indenture shall (a) reduce the principal amount or extend the fixed maturity of any of the Debentures or reduce the rate or extend the time of payment of interest thereon, without the consent of the holder of each Debenture so affected, or (b) reduce the aforesaid percentage of Debentures, the consent of the holders of which is required to approve any such supplemental indenture, without the consent of the holders of all then outstanding Debentures.

In case a default as defined in the Indenture shall occur and be continuing, the principal of all outstanding Debentures may be declared due and payable before maturity, in the manner, at the time and with the effect provided in the Indenture.

The Indenture provides that the holders of a majority in aggregate principal amount of the then outstanding Debentures may on behalf of the holders of all of the Debentures waive any past default and its consequences, in the manner and to the extent provided in the Indenture. Any

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such waiver by the holder of this Debenture shall be conclusive and binding upon such holder and upon all future holders of this Debenture (unless effectively revoked as provided in the Indenture), irrespective of whether any notation of such waiver is made upon this Debenture.

All or any of the Debentures may be redeemed at any time by the Company at its option on notice given as provided in the Indenture at par plus accrued interest to date of redemption after July 1, 1958.

The Debentures are entitled to the benefit of a contingent sinking fund as provided in the Indenture and, to the extent provided in the Indenture, are severally subject to redemption in principal amounts aggregating not less than $10,000 through the operation of said sinking fund on certain interest payment dates, on notice given as provided in the Indenture, at the sinking fund redemption price of 100% of the principal amount of the Debentures so redeemed, together with accrued interest to the redemption date.

If this Debenture shall be called for redemption and payment hereof duly provided for, this Debenture shall cease to bear interest from and after the redemption date.

This Debenture must be registered as to principal in the holder's name at the principal office of the Trustee in the City of Philadelphia, Pennsylvania, such registration being noted on this Debenture. No service charge shall be made for any such registration or transfer, but the Company may require payment of a sum sufficient to cover any stamp tax or other governmental charge that may be imposed in relation thereto.

The Company and the Trustee may treat the person in whose name this Debenture is registered, as the absolute owner of this Debenture, whether or not this Debenture shall be overdue, for the purpose of receiving payment thereof and for all other purposes, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

No recourse under or upon any obligation, covenant or agreement of the Indenture, or of any Debenture, or because of the creation of any indebtedness evidenced thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Com-

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pany or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution or statute or rule of law or equity or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof and as part of the consideration for the issue hereof expressly waived and released, as provided in the Indenture.

This Debenture shall not become valid or obligatory for any purpose until the certificate of authentication hereon shall have been executed by the Trustee.

IN WITNESS WHEREOF, NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY has caused this Debenture to be signed by its President or one of its Vice-Presidents by imprinting thereon the facsimile signature of such officer and a facsimile of its corporate seal to be imprinted hereon and attested by the facsimile signature of its Secretary or an Assistant Secretary.

Dated, August 1, 1957.

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

By_____
President.

Attest:

_____
Secretary.

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Debentures described in the within mentioned Indenture.

FIDELITY-PHILADELPHIA TRUST COMPANY,
Trustee.

By_____
Authorized Officer.

and

WHEREAS, all things necessary to make the Debentures, when executed by the Company and authenticated by the Trustee and delivered, the valid, binding and legal obligations of the Company, and to constitute these presents a valid Indenture and agreement according to its terms, have been done and performed;

NOW, THEREFORE, in order to declare the terms and conditions on which the Debentures are issued and received, and in consideration of the premises and of the purchase and acceptance of the Debentures by the registered holders thereof, the Company covenants and agrees with the Trustee, for the benefit of the Trustee and for the equal and ratable benefit, security and protection of the registered holders of the Debentures, when delivered as hereinafter provided, without preference of any of the Debentures over one another by reason of priority in the time of issue or otherwise, as follows:

ARTICLE I.

Definitions.

SECTION 1.01. The terms defined in this *Section 1.01* shall for the purposes hereof have the meanings herein specified unless the context otherwise requires, such definitions to be equally applicable to both the singular and plural forms; and, unless otherwise defined herein, all terms used herein which are defined in the Trust Indenture Act of 1939 shall have the meanings assigned to such terms in said Trust Indenture Act:

(a) The term "corporation" shall include a voluntary association, a joint stock company and a business trust.

(b) The term "successor," or "successor corporation," when used with respect to a particular corporation, shall mean the corporation successor to such corporation by consolidation or merger or which shall have acquired or to which shall have been leased the property of such corporation as an entirety or substantially as an entirety.

(c) The term "Company" shall mean the party of the first part hereto, National Alfalfa Dehydrating and Milling Company, and, subject to the provisions of *Article XIII*, shall also include any successor to the Company.

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(d) The term "Subsidiary" shall mean any corporation of which the Company and/or one or more Subsidiaries own more than 50% of the outstanding stock having by its terms ordinary voting power to elect a majority of the board of directors of such corporation, irrespective of whether at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency.

(e) The term "Wholly-Owned Subsidiary" shall mean any Subsidiary all the shares of capital stock of which (other than qualifying shares required to be owned by directors under any applicable law) shall at the time be owned by the Company and/or one or more other Wholly-Owned Subsidiaries.

(f) The term "Independent Public Accountants" shall mean any firm of certified public accountants of recognized standing, selected or approved by the Board of Directors of the Company or chosen by the shareholders of the Company and satisfactory to the Trustee, and which is in fact independent.

(g) The term "Balance Sheet" shall mean a balance sheet reflecting the accounts of the Company not consolidated with those of its Subsidiaries and prepared in accordance with generally accepted principles of accounting provided, however, that the investments of the Company in the capital stock of its Subsidiaries may be stated at cost plus undistributed net earnings of such Subsidiaries applicable to such capital stock.

(h) The term "Tangible Assets" shall mean the total of all assets appearing on a Balance Sheet less the sum of

(i) the book amount of intangible assets, such as good will, trade marks, brands, trade names, patents and debt discount and expense;

(ii) any capital write-ups resulting from reappraisals of assets or investments subsequent to July 1, 1957, other than write-ups reflecting the undistributed net earnings of Subsidiaries;

(iii) any reserves carried by the Company as non-current liabilities and not already deducted from assets;

(iv) the amount, if any, by which the book value of investments in any corporation or corporations, except Subsidiaries, shall exceed

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the value of such investment based upon market quotations or, in the case of investments having no quoted market values, the fair value thereof (not in excess of cost) determined in good faith by the Board of Directors of the Company; and

(v) the amount, if any, at which the stock of the Company owned by the Company appears upon the asset side of such Balance Sheet;

provided that any determination of Tangible Assets shall be made in accordance with generally accepted principles of accounting.

(i) The term "Current Liabilities" shall mean the aggregate of such of the following as would appear on the liability side of a Balance Sheet:

(i) any and all loans, accounts, bills, notes, acceptances, bonds debentures or other obligations of any character payable on demand or maturing not more than 12 months after the particular time as of which the calculation is made;

(ii) dividends declared but not paid (other than dividends payable in shares of stock of the Company);

(iii) the aggregate amount of all accrued salaries, wages, interest rents and royalties and all estimated and accrued taxes;

(iv) any contingent current liabilities for which reserves are carried, in the amount of such reserves; and

(v) such other liabilities as may be properly included as "current" in accordance with generally accepted principles of accounting

provided that no indebtedness of any character shall for any purpose be deemed to be included in Current Liabilities if moneys sufficient to pay and discharge such indebtedness in full (either on the date of maturity expressed therein or on such earlier date as such indebtedness may be re deemed pursuant to the provisions thereof) shall have been deposited with the proper depositary or with a trustee in trust for the payment thereof

(j) The term "Net Tangible Assets" shall mean the balance remaining after deducting Current Liabilities from Tangible Assets.

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(k) The term "Net Income" shall mean the balance remaining after deducting from earnings and other income and profits of the Company all expenses and charges of every proper character, including, but not limited to, interest, amortization of debt discount and expense, if any, taxes or reserves for taxes, reasonable provision for depletion, depreciation and abandonment which provision, to the extent permitted by law, need not coincide with the amounts thereof reported for purposes of taxation, amounts appropriated under any plan for extra compensation for, or pension of, officers and employees, and usual and proper reserves all determined in good faith and in accordance with generally accepted principles of accounting.

(l) The term "Consolidated Net Income" shall mean the balance remaining after deducting from consolidated earnings and other income and profits of the Company and its Subsidiaries all expenses and charges of every proper character, including, but not limited to, interest, amortization of debt discount and expense, if any, taxes or reserves for taxes, reasonable provision for depletion, depreciation and abandonment, which provision, to the extent permitted by law, need not coincide with the amounts thereof reported for purposes of taxation, amounts appropriated under any plan for extra compensation for, or pension of, officers and employees, and usual and proper reserves, all determined in good faith and in accordance with generally accepted principles of accounting.

(m) The term "Current Indebtedness" shall mean indebtedness payable on demand or maturing by its terms in not more than 12 months from the particular time as of which the calculation is made.

(n) The term "Funded Indebtedness" shall mean indebtedness maturing by its terms more than 12 months after the particular time as of which the calculation is made; provided that no indebtedness of any character shall for any purpose be deemed to be included in Funded Indebtedness if moneys sufficient to pay and discharge such indebtedness in full (either on the date of maturity expressed therein or on such earlier date as such indebtedness may be redeemed pursuant to the provision thereof) shall have been deposited with the proper depositary or with a trustee in trust for the payment thereof.

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(o) The term "Subordinated Funded Indebtedness" shall mean the aggregate of all items of Funded Indebtedness of the Company which are or shall be, on any liquidation, dissolution, or other winding up of the Company, whether voluntary or involuntary, subordinate and subject in right of payment to the prior payment in full of the principal of and interest on the Debentures; provided that no payments of principal or interest shall be made on any such Subordinated Funded Indebtedness while there is a default under this Indenture.

(p) The term "Indenture" shall mean this instrument, together with all indentures supplemental hereto.

(q) The term "supplemental indenture" or "indenture supplemental hereto" shall mean any indenture duly authorized and entered into between the Company and the Trustee in accordance with the provisions hereof.

(r) The term "Debenture" shall mean any debenture authenticated and delivered hereunder.

(s) The term "outstanding," when used with respect to the Debentures, shall mean Debentures authenticated and delivered hereunder except

(i) Debentures theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(ii) Debentures for the payment or redemption of which cash shall have theretofore been deposited with the Trustee in trust for the holders of such Debentures, whether upon or prior to the maturity or redemption date of such Debentures; provided that, if such Debentures are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly published or provision satisfactory to the Trustee shall have been made therefor;

(iii) Debentures in lieu of and in substitution for which other Debentures shall have been authenticated and delivered pursuant to the terms of *Section 2.05*; and

(iv) Debentures held by the Company or by any Subsidiary in its treasury and not at the time pledged to secure any indebtedness.

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(t) The term "holder," when used with respect to a Debenture or Debentures which at the time are duly registered as to principal, shall mean the registered owner thereof.

(u) The term "Securities and Exchange Commission" shall mean the Commission by that name created under the Securities Exchange Act of 1934, or in case such Commission shall not be existing and performing the duties now performed by it, then the bodies performing the duties theretofore performed by said Securities and Exchange Commission.

(v) The term "Trust Indenture Act of 1939" shall, except for the purposes of *Section 12.03*, mean such Act as it was in force on the date of execution of this Indenture.

(w) The term "Trustee" shall mean the Trustee under this Indenture for the time being, whether original or successor.

(x) The term "New York Daily Newspaper" shall mean a newspaper printed in the English language and customarily published on each business day and of general circulation in the Borough of Manhattan, City and State of New York.

(y) The term "the date hereof" shall mean the date of the execution and delivery of this Indenture.

SECTION 1.02. Unless the context otherwise requires, all references to "*Articles*," "*Sections*," and other subdivisions are to the corresponding Articles, Sections and subdivisions of the Indenture, and the words "herein," "hereof," "hereunder," "hereby" and other words of similar import refer to the Indenture as a whole and not to any particular Article, Section or other subdivision hereof.

SECTION 1.03. Subject to the provisions of *Section 9.01*, a certificate of Independent Public Accountants shall be conclusive evidence as to all matters embraced in a Balance Sheet and as to the amount of Funded Indebtedness, Current Liabilities, Net Tangible Assets, Net Income and Consolidated Net Income.

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ARTICLE II.

Form, Execution and Registration.

SECTION 2.01. The Debentures shall be known as the "Eighteen Year 5% Debentures" of the Company. The Debentures shall be dated August 1, 1957, shall be payable on July 1, 1975, and shall bear interest at the rate of 5% per annum payable on the 1st day of January and the 1st day of July in each year. The definitive Debentures shall be engraved, or printed or lithographed with engraved borders, shall be issued in denominations of $50, $100 or $1,000 each and shall be numbered L1, in the case of Debentures in the denomination of $50, C1 in the case of Debentures in the denomination of $100, and M1 in the case of Debentures in the denomination of $1,000 and consecutively upward in each such case. Debentures in any of such denominations may be surrendered in exchange for Debentures of any other of such denominations of equivalent aggregate principal amount, in which event the Debenture or Debentures so surrendered shall be cancelled by the Trustee and delivered to the Company subject to the provisions of *Section 16.03* hereof. Any of the Debentures may be issued with appropriate insertions, omissions, substitutions and variations and may have imprinted thereon such legend or legends as may be required to comply with any law or any rules or regulations pursuant thereto or with the rules of any stock exchange or any governmental commission or with any provisions of this Indenture or to conform to general usage.

SECTION 2.02. The Debentures shall be executed on behalf of the Company by its President or a Vice-President (whose signatures may be facsimile) under its corporate seal, which may be printed, engraved or otherwise reproduced thereon, attested by its Secretary or an Assistant Secretary (whose signatures may also be facsimile). In case any person who, as an officer of the Company, shall have executed any Debenture or attested the seal of the Company thereon, shall cease to be such officer before such Debenture shall have been authenticated and delivered by the Trustee, such Debenture may nevertheless be authenticated, delivered and issued with the same effect as if such person had not ceased to be such officer. Any Debenture may be executed on behalf of the Company, and its corporate seal thereon may be attested, by such persons as at the actual

date of the execution of such Debenture shall be the proper officers of the Company, although at the date of such Debenture any such person was not such officer.

SECTION 2.03. Only such Debentures as shall bear thereon a certificate of authentication substantially in the form hereinbefore recited, executed by the Trustee, shall be entitled to the benefit hereof or be valid or obligatory for any purpose. Such certificate of authentication of the Trustee upon any Debenture shall be conclusive evidence that the Debenture so authenticated was duly executed by the Company, duly authenticated and delivered hereunder and that the holder is entitled to the benefit hereof.

SECTION 2.04. The Company will keep at the principal office of the Trustee a sufficient register or registers for the registration and transfer of the Debentures. Upon presentation thereof at such office for such purpose the Company will, under such reasonable regulations as it may prescribe, register any of the Debentures therein as to principal. The Company hereby constitutes and appoints the Trustee its Debenture registrar and transfer agent.

The holder of any Debenture may have the ownership of the principal thereof registered at such office, such registration being noted on the Debenture, after which registration and notation no transfer shall be valid unless made at such office by the registered holder in person or by his duly authorized attorney and similarly noted on the Debenture. Upon presentation at such office of any such Debenture registered as to principal accompanied by delivery of a written instrument of transfer in form satisfactory to the Trustee executed by the registered holder in person or by his duly authorized attorney, such Debenture shall be transferred upon such register and such transfer shall be noted on the Debenture. No service charge shall be made for any such registration or transfer, but the Company may require payment of a sum sufficient to cover any stamp tax or governmental charge that may be imposed in relation thereto.

SECTION 2.05. In case any Debenture, temporary or definitive, shall be mutilated, destroyed, lost or stolen, then, upon the production of such

mutilated Debenture, or upon the receipt of evidence satisfactory to the Company and the Trustee of the destruction, loss or theft of such Debenture, and upon receipt also of indemnity satisfactory to each of them, the Company in its discretion may execute, and thereupon the Trustee shall authenticate and deliver, a new Debenture in exchange for the mutilated Debenture, or in lieu of the Debenture so destroyed, lost or stolen, except that if any such mutilated, destroyed, lost or stolen Debenture shall have matured or shall be about to mature, the Company instead of issuing a substitute Debenture may, without surrender thereof (except in the case of mutilated Debentures), pay the same. Any such new Debenture delivered pursuant to this *Section 2.05* shall constitute an original additional contractual obligation on the part of the Company, whether or not the allegedly destroyed, lost or stolen Debenture be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefit of this Indenture with all other Debentures issued hereunder. Any mutilated Debenture in exchange for which a new Debenture shall be delivered pursuant to this *Section 2.05* shall be cancelled by the Trustee and delivered to the Company, subject to the provisions of *Section 16.03*. The Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge connected with the issuance of any such new Debenture and also a further sum for any other expenses connected therewith.

ARTICLE III.

Issue of Debentures.

SECTION 3.01. The aggregate principal amount of Debentures which may be executed by the Company and authenticated by the Trustee is limited to the sum of $2,352,950 except as provided in *Sections 2.05* and *12.05*. Forthwith upon the execution and delivery hereof, or from time to time thereafter, Debentures in an aggregate principal amount not exceeding $2,352,950 may be executed by the Company and delivered to the Trustee for authentication, and thereupon shall be authenticated and delivered by the Trustee to or upon the written order of the Company signed by its President or a Vice-President and by its Secretary or an Assistant Secretary or its Treasurer or an Assistant Treasurer without any further corporate action on the part of the Company.

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ARTICLE IV.

Particular Covenants of the Company.

The Company covenants that so long as any of the Debentures are utstanding:

SECTION 4.01. The Company will duly and punctually pay the prinipal of and interest on the Debentures at the times and place and in the anner specified in the Debentures without deducting from the principal r interest for any Corporate Loans Tax or tax imposed in substitution herefor of the Commonwealth of Pennsylvania, not exceeding 4 mills per nnum in the aggregate upon each dollar of the principal amount of said ebentures lawfully subject to such tax which the Company may be reuired to pay or retain therefrom by any present or future law of the ommonwealth of Pennsylvania, the Company hereby agreeing to assume he payment of such taxes. Debentures when paid shall be cancelled by he Trustee and delivered to the Company, subject to the provisions of *ection 16.03*, and no Debentures shall be issued in lieu thereof.

SECTION 4.02. The Company will at all times keep or cause to be ept all of its properties and the properties of its Subsidiaries of a character sually insured by companies similarly situated adequately insured in such mounts as similar properties are usually insured by companies similarly ituated, against loss or damage of the kinds usually insured against by ompanies similarly situated, either by means of policies issued by reputale insurance companies, or, at its election, partially or wholly by means f an adequate insurance reserve set aside and maintained out of earnings f itself and its Subsidiaries or, in conjunction with other companies, hrough an insurance trust or other arrangement.

SECTION 4.03. The Company will at all times do and cause to be one for itself and each of its Subsidiaries all things necessary (a) to comly with all the requirements of the laws of any state or states of the nited States of America, or any other government, which may be aplicable; (b) except as otherwise permitted by this Indenture, to preserve nd keep in full force and effect its and their corporate existence and all anchises, rights and privileges heretofore or hereafter granted to or con-

ferred upon it or them, provided, however, that the corporate existence of any Subsidiary, or any franchise, right or privilege of the Company or any Subsidiary need not be maintained if, in the judgment of the Company, it shall be or become no longer advantageous to maintain the same; (c) to maintain, preserve and keep all its and their property in good repair, working order and condition, and to make or cause to be made any and all repairs thereto and renewals and replacements thereof and improvements thereto, which are deemed by it to be needful and proper, provided, however, that the Company or any Subsidiary may from time to time surrender, abandon, sell or otherwise treat or dispose of any property which in the judgment of the Company is no longer useful or of productive value or which may be advantageously surrendered, abandoned, sold or otherwise treated or disposed of in the proper conduct of the business of the Company or such Subsidiary; (d) promptly to pay and discharge when due all taxes, assessments and governmental charges levied or imposed upon it or them or upon its or their property, or any part thereof, or upon its or their income, profits or business, or any part thereof, or, in the case of the Company, upon moneys or property in possession of the Trustee pursuant to the provisions hereof, as well as all lawful claims for labor, materials and supplies or otherwise, or judgments, which if unpaid might become a lien or charge upon its or their property or any part thereof, provided, however, that (i) it or they may omit payment of any taxes, assessments and governmental charges levied upon any property which in the judgment of the Company has no value in excess of the amount of such taxes, assessments or governmental charges, (ii) it or they may omit payment of any such claims or judgments against any Subsidiary if in the judgment of the Company it shall be or become no longer advantageous to retain the property affected thereby or to maintain the corporate existence of such Subsidiary, or (iii) it and they shall have the right in good faith to contest any such tax, assessment, charge, judgment or claim and, pending such contest, to delay or refuse payment thereof, unless thereby property, income, profits, business or moneys which are essential, in the judgment of the Company, to the conduct of its or their business may be lost, forfeited or materially endangered, and when such payment shall be delayed or refused pending such contest, it or they shall set aside on its or their books such reserves, if any, as shall be deemed by the Company adequate with respect to any such tax, assessment, charge, claim, or judg-

ment; and (e) to set aside on its books reserves for depreciation, depletion and all other proper purposes in amounts (which, to the extent permitted by law, need not coincide with the amounts thereof reported for purposes of taxation) not less than such amounts as shall be required by good accounting practice as approved by Independent Public Accountants, provided that if depreciation shall be taken at an accelerated rate, the aggregate accumulated reserves shall, at all times, be at least equal to the aggregate reserves which would have been set aside had depreciation been taken during the same period on a straight-line basis.

SECTION 4.04. The Company will not sell, transfer or lease its property as an entirety or substantially as an entirety, or consolidate with or merge into any other corporation, or permit any other corporation to merge into it, in any manner which is prohibited by *Article XIII*.

SECTION 4.05. So long as any of the Debentures shall be outstanding, no dividend whatsoever whether in cash, stock or otherwise, shall be paid or declared, nor shall any distribution be made on the Common Stock or on shares of any other class of stock of the Corporation, nor shall any shares of Common Stock or any stock subordinate to the debentures be purchased, redeemed or otherwise acquired for valuable consideration by the Corporation or any of its subsidiaries, nor shall any moneys be paid to or set aside or made available for a sinking fund for the purchase or redemption of any such subordinate stock unless

(i) All interest on the debentures shall have been paid and the full amounts for the interest payments due during the current year and next succeeding fiscal year shall have been accrued and a sum sufficient for the payment thereof set apart; and

(ii) All amounts then or theretofore required to be set aside as and for the sinking fund for the debentures for the current year and the next succeeding fiscal year shall have been set aside and all defaults, if any, in complying with such sinking fund requirements in respect of previous years shall have been made good.

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SECTION 4.06. So long as any debentures are outstanding, the consent of the holders of at least 66⅔% of the debentures at the time outstanding, given in person or by proxy, either in writing or at a meeting called for that purpose, shall be necessary to effectuate or validate the action of the Company in doing or in authorizing or permitting any subsidiary to do, as the case may be, any one or more of the following:

(a) The increase in the authorized amount of these debentures or the authorization or the creation of any class of securities of the Company ranking on a parity with or prior to these debentures or the creation of any obligation which is convertible into or evidences the right to purchase any securities of the Company of any class ranking on a parity with or prior to these debentures.

(b) The voluntary dissolution liquidation or winding up of the Company;

(c) any amendment, alteration or repeal of any of the provisions of this indenture which would adversely affect the rights or preference of the debentures issued hereunder or the holders thereof; or

(d) The creation, issue and sale or assumption by the Company or any subsidiary of any funded debt or the giving by the Company or any subsidiary of any guarantee or similar obligation for the payment of funded debt; provided, however, that the paragraph (d) shall not apply to

(i) Any funded debt issued or sold or guarantee given, by any subsidiary to the Company, but the Company shall not, without like vote, dispose of such funded debt or guarantee unless prior thereto, or simultaneously therewith, all stock of such subsidiary owned by the corporation or any other subsidiary and all other indebtedness of such subsidiary owing to the Company or another subsidiary is sold or disposed of;

(ii) Any funded debt incurred for the purpose of extending, renewing or refunding any funded debt of the Company or a subsidi-

ary in a principal amount not more than the then principal amount of the funded debt so extended, renewed or refunded; or

(iii) Any funded debt incurred by the Company or any subsidiary in part payment of the cost of acquisition of any additional property acquired after July 1, 1957, which, if secured, shall be secured by mortgage or lien only on such additional property, or any funded debt secured by mortgage or other lien existing at the time of acquisition on additional property acquired after said date, if such mortgage or lien is such that it does not become a lien on any other property of the Company or any subsidiary; but only in every such case if (x) the aggregate amount of the funded debt so incurred or so secured by mortgage or lien on any additional property in any particular instance shall not at the time of acquisition of such property by the Company or such subsidiary exceed 60% of the cost (which shall be deemed to include the amount of all indebtedness secured by liens, including existing liens on such property) of such property to the Company or such subsidiary, or 60% of the fair market value thereof (disregarding all indebtedness secured by liens on such property), whichever shall be less at the time of acquisition thereof by the Company or such subsidiary, and the determination by the Board of Directors of the Company of such fair market value shall, in the absence of fraud, be conclusive, and (y) the aggregate of the funded debt at the time outstanding and incurred in connection with the acquisition of or secured by mortgage or lien existing on, all such additional property shall not exceed $1,200,000.00 in aggregate principal amount.

SECTION 4.07. So long as any Debentures are outstanding, the consent of the holders of at least 50% of such Debentures at the time outstanding, given in person or by proxy either in writing or at a meeting called for that purpose, shall be necessary to effectuate or validate the action of the Company in doing, or in authorizing or permitting any subsidiary to do, as the case may be, any one or more of the following:

(a) The sale, lease, conveyance or other voluntary parting with control by the Company of all or substantially all of its assets, unless prior

thereto, all of the Debentures secured hereby have been or, simultaneously with the consummation of such transaction, are to be retired;

(b) The merger or consolidation of the Company into or with any other corporation, or the merger of any other corporation into the Company unless the corporation resulting from such merger or consolidation will have, after such merger or consolidation, no other securities either authorized or outstanding ranking prior to or on a parity with the Debentures or convertible into or evidencing the right to purchase any class of securities ranking on a parity with or prior to the Debentures.

(c) The sale or other disposition, directly or indirectly (except to the Company), of shares of a subsidiary whereby such subsidiary shall cease to be a subsidiary of the Company; provided, however, that this provision shall not apply if by such sale or other disposition all shares of every class of such subsidiary owned by the Company or by any other subsidiary and all indebtedness of such subsidiary owing by the Company or any other subsidiary shall be disposed of;

(d) The merger or consolidation of any subsidiary into or with any other corporation or the merger of any other corporation into a subsidiary, unless in any of such cases, such other corporation be the Company and such merger or consolidation may be made under Paragraph (b) above without a vote of the holders of the Debentures.

(e) The creation, authorization or issue by any subsidiary of any stock ranking prior to the common stock of such subsidiary or of any stock or other security convertible into or exchangeable for shares of stock of any class ranking prior to such common stock; provided, however, that this provision shall not prevent the creation by any subsidiary of any such prior stock or convertible stock or other security for issuance, and the issuance or sale thereof, to the Company; but in any such event, the Company shall not, without like vote, sell or dispose of such prior stock or convertible or other security unless prior thereto or simultaneously therewith all other stock of such subsidiary owned by the Company or any other subsidiary and all indebtedness of such subsidiary owing to the Company or any other subsidiary is sold or disposed of; or

(f) Purchase, redeem or otherwise acquire for a valuable consideration any Debentures at a time when interest on the Debentures for all past due dates shall not have been fully paid and a sum sufficient for the payment thereof set apart: provided, however, that the Company may, nevertheless, without such consent of the holders of the Debentures purchase Debentures at any such time it shall have (i) given the holders of all Debentures then outstanding notice in writing addressed to them at their respective addresses appearing on the books of the Trustee of its desire to purchase Debentures and the amount of cash available for such purchase, and in such notice shall have requested tenders of Debentures for sale to the Company on a date specified in such notice, which shall be at least 30 days after the date of mailing such notice, and (ii) purchase such Debentures pursuant to such tenders at prices not exceeding the price applicable for the redemption of Debentures on such date, unless the cash to be applied to such purchase constitutes sinking fund monies, then at prices not exceeding the price then applicable for the redemption of Debentures for sinking fund on that date and (iii) purchase such Debentures in the order of the prices at which the same were offered to the Company, pursuant to such request for tenders as aforesaid, commencing with the Debentures tendered at the lowest price, except that if several acceptable tenders at the same price shall have been received, the Company may make a ratable acceptance thereof or may select one or more of said tenders for acceptance in whole or in part as it shall elect. The provision permitting the Company to purchase Debentures as aforesaid shall not be deemed to require it to accept any or all of the Debentures tendered as aforesaid, but merely to require that any Debentures purchased on the existence of a default in the payment of interest as aforesaid shall be purchased only upon consent or through tenders as above provided. The provisions of this paragraph shall not in any way restrict the right of any holder of Debentures to surrender or the corporation to receive Debentures in exchange for shares of common stock, in such manner as the Board of Directors may present.

SECTION 4.08. From time to time, whenever reasonably demanded by the Trustee, the Company will make, execute and deliver, or cause to be made, executed and delivered, all such further and other instruments and assurances as may be reasonably necessary or proper to carry out the

intention or to facilitate the performance of the terms hereof, or to secu the rights and remedies hereunder of the holders of the Debentures.

SECTION 4.09. The Company will, within 120 days after the close each fiscal year, beginning with the fiscal year ending April 30, 1958, cau to be filed with the Trustee a statement of the Independent Public A countants who shall have examined the financial statements of the Co pany and its Subsidiaries for the preceding fiscal year that in their exam nation they have found no evidence of any default on the part of t Company in the performance and observance of any of the covenan contained in *Sections 4.05* to *4.08* of this *Article IV* with respect to fina cial or accounting matters, or, if they have found evidence of any su default, a statement specifying the nature thereof. In the absence of b faith, the Independent Public Accountants furnishing such statement sh not be liable, directly or indirectly, to anyone for any failure to obta knowledge of any default.

SECTION 4.10. The Company hereby constitutes and appoints t Trustee its paying agent in respect of the Debentures and the Compa will not itself act as a paying agent in respect of any of the Debentu or appoint any paying agent other than the Trustee. The Trustee sh hold all sums received in respect of the Debentures in trust for the p poses for which said sums are paid.

SECTION 4.11. So long as any of the debentures shall be outstandi the Company shall maintain a net working capital of at least One Milli Dollars ($1,000,000) and shall maintain a ratio of current assets to curre liabilities at the end of each fiscal year of at least two hundred per c (200%).

As used herein the term "net working capital" shall mean the exc of the Company's current assets over its current liabilities all as determin and computed in accordance with generally accepted accounting prin ples, the term "current liabilities" including the payment of the sinki fund requirements for the current fiscal year.

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SECTION 4.12. The Company will reimburse the owner of any Debenture for any and all personal property taxes lawfully imposed by the Commonwealth of Pennsylvania or any political subdivision thereof by reason of the ownership of such Debenture by a resident of Pennsylvania under any present or future law of said Commonwealth of Pennsylvania or any political subdivision thereof, not exceeding 4 mills per annum in the aggregate on each dollar of taxable value of such Debenture, provided that such tax shall have been paid by such owner and application for such reimbursement shall have been made within 60 days after the payment of such tax as hereinafter provided. Such reimbursement shall be made upon the written application of such owner in form satisfactory to the Company stating (a) the number of each such Debenture, (b) that he was the owner thereof and a resident of Pennsylvania on the date when such tax was assessed, (c) that he was assessed and did pay such tax, giving the amount thereof and the date of payment and, upon submission, if required by the Company, of all receipted tax bills and/or other documentary evidence establishing the payment of such tax. Such application shall be made to the Company at the principal office of the Trustee within a period of 60 days from the date of the payment of the tax and within 6 months after such tax shall have become due and payable. The Company shall in no event be liable to reimburse any registered owner of a Debenture for any interest or penalties assessed or paid by him in addition to the amount of such tax as originally assessed.

ARTICLE V.

Redemption and Subordination.

SECTION 5.01. The Company may, at its option (which may be exercised upon authorization by the Board of Directors), redeem the Debentures at any time outstanding, as a whole at any time, or in part, from time to time, by giving notice as herein provided and by paying or providing for the payment in cash of the redemption price of one hundred per cent of the face amount of such Debenture, plus in each case, interest accrued thereon to the date fixed for such redemption. In case of the redemption of only part of the Debentures at the time outstanding, the Debentures to be redeemed shall be selected pro-rata or by lot or in such manner as the Board of Directors may determine. Subject to the

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provisions and limitations contained herein, the Board of Directors shall have full power and authority to prescribe the manner in which and the terms and conditions upon which such Debentures shall be redeemed from time to time.

If the redemption date of any Debentures be (a) a Sunday or legal holiday, or (b) a day on which banking institutions are authorized pursuant to law to close and on which the principal office of the Trustee is not open for business, then payment of the redemption price and any accrued interest payable upon redemption may be made on the next succeeding day, not a day specified in (a) or (b) above, with the same force and effect as if made on the redemption date, and no interest shall accrue for the period after such redemption date.

SECTION 5.02. Notice of redemption shall be given by the Company by causing a notice to be published once in each calendar week (in each instance on any business day of the week) for at least 4 successive weeks in a New York Daily Newspaper (which need not be the same newspaper for all such publications) the first publication to be not less than 30 days nor more than 60 days prior to the redemption date, which said notice shall specify, if less than all are to be redeemed, the serial numbers of the Debentures to be redeemed, the redemption price, the redemption date and the place where payment will be made. A copy of such notice shall be mailed by the Company by ordinary mail, postage prepaid, at least 30 and not more than 60 days prior to the redemption date to the registered holders of Debentures at the time registered as to principal which are to be redeemed, at their last addresses as they shall appear on the register provided for in *Section 2.04*, but failure to give such additional notice by mail, or any defect therein, shall not affect the validity of the proceedings for the redemption of any of the Debentures.

Notice of redemption having been published as above provided, the Debentures designated for redemption shall become due and payable on the redemption date, at the redemption price applicable at the time together with accrued interest to the redemption date. As to the publication of any notice of redemption the affidavit of any employee of the news-

paper directed to make such publication shall be full and complete authority to the Trustee for any action to be taken by it in reliance thereon, except as otherwise provided in *Section 9.01* hereof. The Company covenants and agrees that it will, on or before the redemption date specified in such notice, deposit with the Trustee a sum equal to the redemption price of the Debentures to be redeemed together with accrued interest to the redemption date. The Trustee shall hold all moneys deposited with it for the redemption of Debentures in trust for the benefit of the holders of such Debentures. Payment of the redemption price together with accrued interest to the redemption date (except that if such date be an interest payment date such payment shall not include such accrued interest) shall be made to the respective holders of the Debentures which have been called for redemption, upon surrender of such Debentures, at the principal office of the Trustee, and in case of Debentures registered as to principal duly endorsed or accompanied by duly executed instruments of transfer satisfactory to the Trustee.

Notice of redemption having been published as above provided, or provision therefor satisfactory to the Trustee having been made, if on or before the redemption date the moneys necessary for such redemption shall have been deposited with the Trustee for the pro rata benefit of the holders of the Debentures so called for redemption then such Debentures shall thereupon cease to be entitled to the benefit hereof, except the right to receive a new Debenture, or cash in lieu thereof, in substitution for a mutilated, destroyed, lost or stolen Debenture upon the terms provided in *Section 2.05*, and from and after the redemption date, notwithstanding that any Debentures so called for redemption shall not have been surrendered, no further interest shall accrue upon any Debenture so called for redemption.

SECTION 5.03. If less than all the Debentures are to be redeemed the Company shall give the Trustee adequate notice in advance as to the aggregate principal amount of Debentures to be redeemed, and thereupon the Trustee shall draw by lot, in such manner as it may deem appropriate and fair, the serial numbers of the Debentures to be redeemed and shall thereafter promptly notify the Company in writing of the serial numbers of the Debentures so to be redeemed.

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SECTION 5.04. Debentures redeemed as provided in this *Article V* shall be cancelled by the Trustee and delivered to the Company, subject to the provisions of *Section 16.03*, and no Debentures shall be issued in place thereof.

Subordination

SECTION 5.05. This Indenture and the Debentures issued hereunder shall be subordinate only to current bank borrowings for inventory purposes which obligations mature by their original terms in less than twelve months and obligations of the Company to suppliers of materials, services and labor incurred in the normal course of the Company's business and reasonably required in its operations, which obligations are due and payable when billed, and to any existing liens, encumbrances, mortgages, conditional sales agreements, or pledges, or any replacement, renewal, or extension thereof and any funded indebtedness created hereafter in the manner and in accordance with the terms of *Section 4.06* of *Article IV* hereof.

ARTICLE VI.

Sinking Fund.

SECTION 6.01. The Company covenants and agrees that on or before the expiration of 90 days after the end of each fiscal year of the Company commencing with the fiscal year ending April 30, 1959, it will pay to the Trustee as and for a contingent sinking fund for the redemption of Debentures at the sinking fund redemption price of 100% of the principal amount of the Debentures so to be redeemed, together with accrued interest to the redemption date, a sum in lawful money of the United States of America sufficient to redeem $196,080 principal amount of said Debentures, provided that in any year when the Consolidated Net Income is insufficient to redeem $196,080 principal amount of said Debentures the amount required to be paid over to the Trustee shall be 100% of such Consolidated Net Income and the difference between that sum and $196,080 shall accumulate to be paid from the Consolidated Net Income of subsequent

years and provided further that the Company must commence the accumulation of income for sinking fund purposes by setting aside 100% of Consolidated Net Income up to $196,080 in each year commencing with the year beginning May 1, 1957.

On or before the expiration of 90 days after the end of each such fiscal year, the Company shall furnish to the Trustee a certificate of Independent Public Accountants stating the amount of the contingent sinking fund payment required to be made by the Company pursuant to this *Section 6.01* which certificate shall comply with the provisions of *Section 9.07* hereof.

SECTION 6.02. If on any sinking fund payment date provided for in *Section 6.01*, the amount of cash then paid into the sinking fund, together with all other cash then in said fund, shall in the aggregate be sufficient to redeem at least $10,000 aggregate principal amount of Debentures at the sinking fund redemption price together with accrued interest, the Trustee shall select for redemption the largest aggregate principal amount of Debentures redeemable with such cash on the next succeeding interest payment date. The Trustee shall make such selection by drawing by lot, in such manner as it may elect, from the serial numbers of all Debentures then outstanding, the serial numbers of the Debentures which are to be redeemed; and the Trustee shall thereupon cause notice to be given, in the name and at the expense of the Company, that the Debentures so selected will be redeemed at the principal office of the Trustee on the next succeeding interest payment date. Such notice shall be given in the same manner and with like effect as is provided in *Article V*; and the Trustee shall cause such Debentures to be redeemed and paid in accordance with such notice in the manner and with the effect provided in *Article V*.

If on any sinking fund payment date the aggregate amount of cash in the sinking fund shall not be sufficient to redeem at least $10,000 aggregate principal amount of Debentures at the sinking fund redemption price, such cash shall be retained by the Trustee in the sinking fund and shall be applied with succeeding sinking fund instalments to the redemption of Debentures as provided above; provided, however, that any such cash may

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(b) In case 3 or more holders of Debentures (hereinafter referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Debenture for a period of at least 6 months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of Debentures with respect to their rights hereunder or under the Debentures, and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within 5 business days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of *subsection* (*a*) of this *Section 7.02;* or

(ii) inform such applicants as to the approximate number of holders of Debentures whose names and addresses appear in the information preserved at the time by the Trustee in accordance with the provisions of *subsection* (*a*) of this *Section 7.02*, and as to the approximate cost of mailing to such Debenture holders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Debenture holder whose name and address appears in the information preserved at the time by the Trustee in accordance with the provisions of *subsection* (*a*) of this *Section 7.02*, a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment or provision for the payment of the reasonable expenses of mailing unless within 5 days after such tender the Trustee shall mail to such applicants and file with the Securities and Exchange Commission together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of Debentures or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If said Commission, after opportunity for a hearing upon the objections specified in the written statement so

filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, said Commission shall find, after notice and opportunity for a hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Debenture holders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Each and every holder of Debentures, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee shall be held accountable by reason of the disclosure of any information as to the names and addresses of the holders of Debentures in accordance with the provisions of *subsection (b)* of this *Section 7.02* regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under said *subsection (b)*.

SECTION 7.03. (a) The Company covenants and agrees to file with the Trustee, within 15 days after the Company is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as such Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with such Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and the Securities and Exchange Commission, in accordance with rules and regulations prescribed from time to time by said Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

(b) The Company covenants and agrees to file with the Trustee and the Securities and Exchange Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such addi-

tional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations.

(c) The Company covenants and agrees to transmit to the holders of Debentures within 30 days after the filing thereof with the Trustee, in the manner and to the extent provided in *subsection (c)* of *Section 7.04* with respect to reports pursuant to *subsection (a)* of *Section 7.04*, such summaries of any information, documents and reports required to be filed by the Company pursuant to *subsections (a)* and *(b) of this Section 7.03* as may be required by the rules and regulations prescribed from time to time by the Securities and Exchange Commission.

SECTION 7.04. (a) The Trustee shall transmit, within 60 days after July 1 in each year beginning with the year 1958, to the Debenture holders as hereinafter in this *Section 7.04* provided, a brief report dated as of July 1 of such year, with respect to:

(i) its eligibility under *Section 9.09* and its qualification under *Section 9.08*, or, in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under such *Sections*, a written statement to such effect;

(ii) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee as such, which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Debentures, on any property or funds held or collected by it as Trustee, if such advances so remaining unpaid aggregate more than ½% of the principal amount of the Debenture outstanding on the date of such report;

(iii) the amount, interest rate and maturity date of all other indebtedness owing by the Company or any other obligor upon the Debentures to the Trustee in its individual capacity on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in *paragraphs (ii), (iii), (iv)* or *(vi)* of *subsection (b)* of *Section 9.13;*

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(iv) the property, and funds, if any, physically in the possession of the Trustee as such on the date of such report; and

(v) any action taken by the Trustee in the performance of its duties hereunder which it has not previously reported and which in its opinion materially affects the Debentures, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of *Section 8.11*.

(b) The Trustee shall transmit to the Debenture holders as hereinafter provided a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee as such since the date of the last report transmitted pursuant to the provisions of *subsection (a)* of this *Section 7.04* (or if no such report has yet been so transmitted, since the date of execution of this Indenture), for the reimbursement of which it claims or may claim a lien or charge prior to that of the Debentures on property or funds held or collected by it as Trustee, and which it has not previously reported pursuant to this subsection, if such advances remaining unpaid at any time aggregate more than 10% of the principal amount of the outstanding Debentures, such report to be transmitted within 90 days after such time.

(c) Reports pursuant to this *Section 7.04* shall be transmitted by mail:

(i) to all registered holders of Debentures, as the names and addresses of such holders appear upon the registration books of the Company;

(ii) to such holders of Debentures as have, within 2 years preceding such transmission, filed their names and addresses with the Trustee for that purpose; and

(iii) except in the case of reports pursuant to *subsection (b)* of this *Section 7.04* to each Debenture holder whose name and address is preserved at the time by the Trustee, as provided in *subsection (a)* of *Section 7.02*.

(d) A copy of each such report shall, at the time of such transmission to Debenture holders, be filed by the Trustee with each stock exchange

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upon which the Debentures are listed and also with the Securities and Exchange Commission. The Company agrees to notify the Trustee when and as the Debentures become listed on any stock exchange.

(e) For the purpose of this *Section 7.04* all Debentures which have been authenticated and delivered and not returned to the Trustee and cancelled shall be deemed to be outstanding.

ARTICLE VIII.

Remedies of Trustee and Debenture Holders on Default.

SECTION 8.01. The following events are hereby defined for all purposes of this Indenture as "defaults" (except where the term is otherwise defined for specific purposes):

(a) Failure to pay the principal of any of the Debentures when and as the same shall become due and payable, whether at maturity as therein expressed or otherwise as herein provided;

(b) Failure to pay any instalment of interest on any of the Debentures for a period of 30 days after such interest shall have become due and payable;

(c) Failure to pay or satisfy any sinking fund instalment for a period of 30 days after such instalment shall have become due and payable;

(d) Failure duly to observe and perform any other covenant, agreement or condition contained in this Indenture, or in the Debentures, required to be performed by the Company, which failure shall have continued for a period of 60 days after written notice thereof shall have been given to the Company by the Trustee, or to the Company and the Trustee by the holders of at least 20% in aggregate principal amount of the outstanding Debentures;

(e) The expiration of a period of 60 days following:

(i) the adjudication of the Company as a bankrupt by any court of competent jurisdiction;

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(ii) the entry of an order approving a petition seeking reorganization or arrangement of the Company under the Federal bankruptcy laws or any similar applicable law or statute of the United States of America or of any State thereof, as now existing or hereafter in effect; or

(iii) the appointment of a trustee, liquidator or receiver of a major part of the property of the Company;

except that there shall be excluded from such period any time during which such adjudication, order or appointment of a trustee, liquidator or receiver shall be vacated or shall be stayed on appeal or otherwise or shall have otherwise ceased to continue in effect;

(f) The filing by the Company of a voluntary petition in bankruptcy or the making by it of an assignment for the benefit of creditors; the consenting by the Company to the appointment of a receiver, liquidator or trustee of a major part of its property; the filing by the Company of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any similar applicable law or statute of the United States of America or of any State thereof, as now existing or hereafter in effect; or the filing by the Company of a petition to take advantage of any insolvency act;

(g) The rendering against the Company of final judgment for the payment of money in excess of $100,000 and the failure of the Company to appeal therefrom (or from the order, decree or process pursuant to which such judgment was granted, passed, entered or affirmed) or to petition for certiorari, mandamus or prohibition or to pursue some other available legal remedy for reversal or vacation thereof, and to obtain a stay of execution thereof within the period prescribed or permitted by law, pending such appeal or pending the disposition of such petition or the pursuit of any such other remedy, and/or to have such judgment discharged within 60 days after the expiration of such period or of the period of any such stay, whichever shall later expire; or

(h) The occurrence of a default or an event of default (i) under any other indenture or agreement pursuant to which any bonds, deben-

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tures, notes or other evidences of debt of the Company in respect of moneys borrowed may be issued or (ii) pursuant to the terms of any bonds, debentures, notes or other evidences of debt of the Company in respect of moneys borrowed not issued under an indenture or agreement, in either case if such default or event of default shall continue beyond the period of grace, if any, therein specified.

If any one or more of the defaults shall occur and be continuing, then unless the principal of all the Debentures shall already be due and payable, either the Trustee, by notice in writing to the Company, or the holders of not less than 20% in aggregate principal amount of the outstanding Debentures, by notice in writing to the Company and the Trustee, may declare the principal of all the Debentures then outstanding to be due and payable immediately, and upon any such declaration the same shall become and shall be due and payable immediately, anything in this Indenture or in the Debentures contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Debentures shall have been so declared and become due and payable, and before any sale of property shall have been had under any judgment or decree for the payment of the moneys due which shall have been obtained or entered as hereinafter provided, the Company shall pay, or shall deposit with the Trustee a sum sufficient to pay, all matured instalments of interest, if any, upon all the Debentures, with interest on overdue instalments of interest at the rate of 6% per annum to the date of such payment or deposit, and the expenses of the Trustee, and any and all other defaults shall have been remedied and made good to the satisfaction of the Trustee or provision therefor satisfactory to the Trustee shall have been made or shall have been waived as in *Section 8.10* provided, then and in every such case holders of a majority in aggregate principal amount of the outstanding Debentures, by written notice to the Company and to the Trustee, may waive such default or defaults and rescind and annul such declaration and its consequences, upon such terms, conditions and agreements, if any, as they may determine; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon. Any such waiver by the holder of a Debenture shall be conclusive and binding upon such holder and upon all future holders thereof or of any Debenture issued in lieu thereof, irre-

spective of whether or not any notation of such waiver is made upon the Debenture.

SECTION 8.02. The Company covenants that in case any default of the character specified in *subsections (a)* or *(b)* of *Section 8.01* shall occur, then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Debentures then outstanding, the whole amount that then shall have become due and payable on all such Debentures for principal, premium and interest, with interest upon any overdue principal, premium and interest at the rate of 6% per annum, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any expenses or liabilities incurred by the Trustee hereunder without negligence or bad faith

Until such demand is made by the Trustee, the Company may pay the principal and interest of or on the Debentures as herein provided whether or not the payments are overdue.

In case the Company shall fail to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to recover judgment against the Company or any other obligor on the Debentures for the whole amount thereof and to issue execution thereon against the whole or any part of the property of the Company or any obligor on the Debentures.

SECTION 8.03. In case there shall be pending proceedings for the bankruptcy or for the reorganization or arrangement of the Company or any other obligor on the Debentures under the Federal bankruptcy laws or any similar applicable law as now existing or hereafter in effect, or in connection with the insolvency of the Company or any other obligor on the Debentures, or in case a liquidator, receiver or trustee shall have been appointed for its property, or in case there shall be pending any other proceedings in respect of the Company or any other obligor on the Debentures or its creditors or its property, the Trustee may file such proof of claim and other petitions, papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Debenture holders al-

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lowed in any such judicial proceedings; and, irrespective of whether the principal of all of the Debentures shall then be due and payable as therein expressed or otherwise, and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of *Section 8.02*, the Trustee shall be entitled and empowered to file and prove a claim for the whole amount of principal and interest owing and unpaid in respect of the Debentures, and to collect and receive any moneys or other property payable or deliverable on any such claim, and to distribute the same after the deduction of its charges and expenses; and any receiver, liquidator, assignee or trustee in bankruptcy, trustee in reorganization, or trustee or debtor in any proceedings for the adoption of an arrangement, is hereby authorized by each of the Debenture holders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Debenture holders, to pay to the Trustee any amount due it for compensation and expenses, including counsel fees incurred by it up to the date of such distribution.

In any such proceedings, the Trustee may file a proof of claim as a creditor for its reasonable compensation, expenses and advances (including the reasonable compensation and expenses of its counsel and of all persons not regularly in its employ) earned, made or incurred, as the case may be, by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties herein of the Trustee. Each holder of any Debenture by his acceptance thereof agrees that to the extent that an allowance out of the estate in any such proceedings with respect to such reasonable compensation, reimbursement and indemnity may be denied to the Trustee or to its counsel or other agents for any reason, the court may nevertheless allow such claim in any such proceedings, and for the purposes of any plan of reorganization or arrangement, may classify the Trustee as a secured creditor having priority over the class in which the holders of the Debentures are placed, and each Debenture holder further agrees that the Trustee, for the purposes of such claim, shall, in priority to the holders of the Debentures, (a) be entitled to receive and collect such claim out of all distributions of securities or dividends or other disbursements which would otherwise be made to the holders of the Debentures in any such proceedings, and (b) have a lien upon all securities and other considerations to which the holders of the Debentures may become en-

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titled pursuant to any plan of reorganization or arrangement in any such proceedings; and the court may determine the method and conditions under which any such distributions may be made and lien enforced.

SECTION 8.04. All rights of action and of asserting claims under this Indenture or under any of the Debentures may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on any trial or other proceedings relative thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall be for the equal and ratable benefit of the holders of the Debentures in respect of which or for the benefit of whom any such recovery shall have been obtained. In any proceedings brought by the Trustee and in any proceedings involving the interpretation of any provision hereof to which the Trustee shall be a party, the Trustee shall be held to represent all the holders of the Debentures and it shall not be necessary to make any holders of the Debentures parties to any such proceedings.

SECTION 8.05. Any moneys collected or received by the Trustee under this *Article VIII*, together with any other moneys then in the hands of the Trustee available for such purposes, shall be applied by the Trustee, at the date or dates fixed by the Trustee for the distribution of such moneys, as follows:

First. To the payment of the costs and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and all expenses, liabilities and advances made or incurred by the Trustee without negligence or bad faith.

Second. In case the principal of the Debentures shall not have become and be then due and payable, to the payment of the interest in default, in the order of the maturity of the instalments of such interest, with interest on the overdue instalments at the rate of 6% per annum, such payments to be made ratably to the persons entitled thereto, without discrimination or preference.

Third. In case the principal of any of the Debentures shall have become and shall be then due and payable, to the payment of the

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whole amount then due and unpaid for principal and interest, upo the Debentures in respect of which or for the benefit of which suc moneys shall have been collected with interest on the overdue princi pal and interest at the rate of 6% per annum; and in case such money shall be insufficient to pay in full the whole amount so due and unpai upon all the Debentures, then to the payment of such principal an interest, without preference or priority among principal and interes or among different instalments of interest, equally and ratably to th aggregate of such principal and interest. Such payments shall be mad only upon presentation of the several Debentures for stamping thereo the payment if only partially paid, and upon surrender thereof if full paid.

Fourth. To the payment of the remainder, if any, to the Com pany, its successors or assigns, or to whomsoever may be lawfully en titled to receive the same, or as a court of competent jurisdiction ma direct.

SECTION 8.06. No delay or omission of the Trustee or of any holde of any of the Debentures to exercise any right or power accruing upon an default shall impair any such right or power, or shall be construed to be waiver of any such default or an acquiescence therein; and except as herei otherwise expressly provided, every power and remedy given hereby to th Trustee or to the holders of Debentures shall be cumulative and not ex clusive and in addition to every other remedy existing at law or in equit or by statute, and may be exercised from time to time, and as often as sha be deemed expedient, by the Trustee or by the holders of Debentures.

SECTION 8.07. In case the Trustee shall have proceeded to enforc any right hereunder, and such proceedings shall have been discontinued o abandoned for any reason, or shall have been determined adversely to th Trustee, then and in every such case the Company and the Trustee shall b restored respectively to their several positions and rights hereunder, and a rights, remedies and powers of the Trustee shall continue as though n such proceedings had been taken.

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SECTION 8.08. No holder of any Debenture shall have any right to institute any suit, action or proceeding at law or in equity for any remedy hereunder, unless (a) such holder previously shall have given to the Trustee written notice of default and of the continuance thereof, and (b) the holders of not less than 20% in aggregate principal amount of the outstanding Debentures shall have made written request upon the Trustee to institute such suit, action or proceeding in its own name, and shall have offered to the Trustee reasonable indemnity and security against the costs, expenses and liabilities to be incurred therein or thereby, and (c) the Trustee for a period of 60 days after receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and (d) no directions inconsistent with such written request shall have been given the Trustee pursuant to *Section 8.10;* it being expressly covenanted by each holder of a Debenture with every other holder, with the Trustee and with the Company, that no one or more holders of Debentures shall have any right in any manner whatever to affect, disturb or prejudice the rights of the holders of any other such Debentures, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture except in the manner herein provided and for the equal, ratable and common benefit of all holders of outstanding Debentures. For the protection and enforcement of the provisions of this *Section 8.08*, each and every Debenture holder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

SECTION 8.09. Notwithstanding any other provisions of this Indenture, the right of any holder of a Debenture to receive payment of the principal of and interest on such Debenture, on or after the respective due dates expressed in such Debenture and to institute suit for enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder.

SECTION 8.10. The holders of at least a majority in aggregate principal amount of the outstanding Debentures shall have the right from time to time to direct the time, method and place of conducting any proceedings for any remedy available to the Trustee or of exercising any trust or power

conferred upon the Trustee, provided, however, that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and the Trustee, subject to the provisions of *Section 9.01*, shall have the right to decline to follow any such direction if the Trustee in good faith shall by a responsible officer or officers (as defined in *Section 8.11*) of the Trustee determine that the proceedings so directed would involve it in personal liability or would be unjustly prejudicial to the Debenture holders not joining in any such direction; and provided further that nothing herein contained shall impair the right of the Trustee in its discretion to take any action deemed proper by the Trustee and which is not inconsistent with such direction by Debenture holders. The holders of a majority in aggregate principal amount of the outstanding Debentures may on behalf of the holders of all of the Debentures waive any past default hereunder and its consequences, provided, however, that any default specified in *subsections (a)* or *(b)* of *Section 8.01* may be waived only if the Company shall have paid or deposited with the Trustee a sum sufficient to pay the principal of all Debentures which shall have matured otherwise than by declaration and all arrears in instalments of interest upon all of the Debentures with interest on any overdue principal and interest, at the rate of 6% per annum, together with all expenses of the Trustee. In the case of any such waiver, the Company, the Trustee and the holders of the Debentures shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default, or impair any right consequent thereon. Any such waiver by the holder of a Debenture shall be conclusive and binding upon such holder and upon all future holders thereof, or of any Debenture issued in lieu thereof, irrespective of whether or not any notation of such waiver is made upon the Debenture.

SECTION 8.11. The Trustee shall, within 90 days after the occurrence of a default known to it, give to the Debenture holders, in the manner and to the extent provided in *subsection (c)* of *Section 7.01* with respect to reports pursuant to *subsection (a)* of *Section 7.04*, notice of such default, unless such default shall have been cured before the giving of such notice (the term "default" being hereby defined for the purposes of this *Section 8.11* to be any of the events specified in *subsections (a)* to *(h)*, inclusive, of *Section 8.01* but not including any periods of grace provided in said *subsections* and irrespective of the giving of the written notice specified in

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subsection (d) of *Section 8.01*); provided, however, that in the case of any default of the character specified in *subsection (d)* of *Section 8.01*, no such notice shall be given until at least 60 days after the occurrence thereof; and provided further that, except in the case of default in the payment of any principal, or interest of or on any of the Debentures or in the payment or satisfaction of any sinking fund instalment, the Trustee shall be protected in withholding such notice if and so long as the Board of Directors, the Executive Committee, or a Trust Committee of directors and/or responsible officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Debenture holders.

The term "responsible officers" of the Trustee as used in this Indenture shall mean and include any of the following: the Chairman of the Board of Directors, the Chairman of the Trust Committee, the President, every Vice-President, every Assistant Vice-President, every Trust Officer, every Assistant Trust Officer, the Secretary, every Assistant Secretary, the Treasurer, and every officer and assistant officer of such Trustee other than those specifically above mentioned, to whom any corporate trust matter is referred because of his knowledge of, and familiarity with, a particular subject.

SECTION 8.12. All parties hereto agree and each holder of any Debenture by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorney's fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this *Section 8.12* shall not apply to any suit instituted by the Trustee, to any suit instituted by any Debenture holder, or group of Debenture holders, holding in the aggregate more than 10% in principal amount of the outstanding Debentures, or to any suit instituted by any holder of Debentures for the enforcement of the payment of the principal or interest of or on any Debenture of which he is the holder, on or after the due date expressed in such Debenture.

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ARTICLE IX.

Concerning the Trustee.

SECTION 9.01. The Trustee shall, prior to a default as defined in *Section 8.01*, and after the curing of all of such defaults which may have occurred, perform such duties and only such duties as are specifically set forth herein. In case of such a default, which has not been cured, the Trustee shall exercise such of the rights and powers vested in it hereby, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision hereof shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) Prior to such default hereunder and after the curing of all such defaults which may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions hereof and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth herein, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee conforming to the requirements hereof; but in the case of any such certificates or opinions which by the provision of *subsection (b)* of *Section 9.07* are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements hereof;

(b) At all times, regardless of whether or not any such default shall exist:

(i) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers (as defined

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in *Section 8.11*) of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of outstanding Debentures relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder.

None of the provisions contained herein shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it under the terms hereof.

SECTION 9.02. Except as otherwise provided in *Section 9.01:*

(a) The Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request, direction, order of demand of the Company mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Company by the President or any Vice-President and the Secretary or any Assistant Secretary or the Treasurer or any Assistant Treasurer (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors of the Company may be evidenced to the Trustee by a copy thereof certified by the Secretary or Assistant Secretary of the Company under the corporate seal.

(c) The Trustee may consult with counsel (who may be counsel for the Company), and the opinion of such counsel shall be full and

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complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(d) The Trustee shall be under no obligation to exercise any of the trusts or powers hereof at the request, order or direction of any of the Debenture holders pursuant to the provisions hereof unless such Debenture holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) Notwithstanding any provisions hereof authorizing the Trustee conclusively to rely upon any certificate or opinion, the Trustee, may, before taking or refraining from taking any action in reliance thereon, require any further evidence or make any further investigation as to the facts or matters stated therein which it may in good faith deem reasonable in the circumstances; and the Trustee shall require such further evidence or make such further investigation as may reasonably be requested in writing by the holders of a majority in aggregate principal amount of the outstanding Debentures, provided that such Debenture holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

SECTION 9.03. The recitals contained herein and in the Debentures, except the Trustee's certificate of authentication and the representations as to the power of the Trustee to enter into this Indenture and to execute the trusts hereby created, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency hereof or of the Debentures. The Trustee shall not be accountable for the use or application by the Company of any of the Debentures or of the proceeds of such Debentures.

SECTION 9.04. The Trustee in its individual or any other capacity may become the owner or pledgee of Debentures with the same rights it would have if it were not Trustee.

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SECTION 9.05. Subject to the provisions of *Section 14.02*, all moneys eived by the Trustee shall, until used or applied as herein provided, be d in trust for the purposes for which they were received, but need not segregated from other funds except to the extent required by law. The ustee shall be under no liability for interest on any moneys received by ereunder except such as it may agree with the Company to pay thereon l except as otherwise provided in *Section 6.05*. So long as there shall st no default hereunder in the payment of the principal of or interest the Debentures, all interest allowed on any such moneys shall be paid m time to time upon the written order of the Company, signed by its sident or any Vice-President or its Treasurer or any Assistant Treasurer its Comptroller.

SECTION 9.06. The Company covenants and agrees to pay to the ustee from time to time, and the Trustee shall be entitled to, reasonable mpensation for all services rendered by it in the execution of the trusts reby created and in the exercise and performance of any of the powers d duties hereunder of the Trustee, which compensation shall not be lim- d by any provision of law in regard to the compensation of a trustee of express trust, and the Company will pay or reimburse the Trustee upon request for all expenses, disbursements and advances incurred or made the Trustee in accordance with any of the provisions of this Indenture, cluding the reasonable compensation and the expenses and disbursements its counsel and of all persons not regularly in its employ. If any property her than cash shall at any time be subject to the lien of this Indenture, e Trustee, if and to the extent authorized by a receivership or bank- ptcy court of competent jurisdiction or by the instrument subjecting such operty to such lien, shall be entitled to make advances for the purpose preserving such property or of discharging tax liens or other prior liens encumbrances thereon. The Company also covenants to indemnify the ustee for, and to hold it harmless against, any loss, liability or expense curred without negligence or bad faith on the part of the Trustee, arising t of or in connection with the acceptance or administration of this trust, cluding the costs and expenses of defending itself against any claim of bility in the premises. The obligations of the Company to the Trustee der this *Section 9.06* shall constitute additional indebtedness hereunder. ch additional indebtedness shall be secured by a lien prior to that of the

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Debentures upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Debentures.

SECTION 9.07. (a) Except as otherwise provided in *Section 9.01*, whenever in the administration of the trusts hereof the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter, unless other evidence in respect thereof be herein specifically prescribed, may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate signed by the President or any Vice-President and by the Secretary or any Assistant Secretary or the Treasurer or any Assistant Treasurer of the Company and delivered to the Trustee; and such certificate shall be full warrant to the Trustee for any action taken or suffered by it under the provisions hereof upon the faith thereof.

(b) As evidence of compliance with the conditions precedent provided for herein, including any covenants compliance with which constitutes a condition precedent, which relate to the satisfaction and discharge hereof or to any other action to be taken by the Trustee at the request or upon the application of the Company, the Company will furnish to the Trustee a certificate signed as provided in *subsection (a)* of this *Section 9.07* stating that such conditions precedent have been complied with and an opinion of counsel, who may be counsel for the Company, stating that in his opinion such conditions precedent have been complied with.

(c) Each certificate or opinion provided for herein, delivered to the Trustee with respect to compliance with a condition or covenant herein contained, shall include (i) a statement that the person making such certificate or opinion has read such covenant or condition; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (iv) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

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SECTION 9.08. (a) If the Trustee has or acquires any conflicting interest, as defined by *subsection (c)* of this *Section 9.08*, the Trustee shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in *Section 9.10*.

(b) In the event that the Trustee shall fail to comply with the provisions of *subsection (a)* of this *Section 9.08*, the Trustee shall, within 10 days after the expiration of such 90 day period, transmit notice of such failure to the Debenture holders, in the manner and to the extent provided in *subsection (c)* of *Section 7.04* with respect to reports pursuant to *subsection (a)* of *Section 7.04*.

(c) The Trustee shall, for the purposes of this *Section 9.08*, be deemed to have a conflicting interest if

(i) the Trustee is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Company, are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Debentures isued hereunder, provided that there shall be excluded from the operation of this paragraph and *Section 3.10 (b) (1)* of the Trust Indenture Act of 1939 any indenture under which other securities, or certificates of interest or participation in other securities, of the Company, are outstanding if (1) this Indenture and such other indenture are wholly unsecured and such other indenture is hereafter qualified under the Trust Indenture Act of 1939, unless the Securities and Exchange Commission shall have found and declared by order pursuant to subsection (b) of Section 305 or subsection (c) of Section 307 of the Trust Indenture Act of 1939 that differences exist between the provisions hereof and the provisions of such other indenture which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such hereunder or under such other indenture, or (2) the Company shall have sustained the burden or proving, on application to the Securities and Exchange Commission and after opportunity for hearing thereon, that trusteeship hereunder and under such other indenture is not so likely to involve a material

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conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such hereunder or under such other indenture;

(ii) the Trustee or any of its directors or executive officers is an obligor upon the Debentures or an underwriter for the Company;

(iii) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Company or an underwriter for the Company;

(iv) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee, or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company who is currently engaged in the business of underwriting, except that (1) 1 individual may be a director and/or an executive officer of the Trustee and a director and/or executive officer of the Company, but may not be at the same time an executive officer of both the Trustee and the Company; (2) if and so long as the number of directors of the Trustee in office is more than 9, one additional individual may be a director and/or an executive officer of the Trustee and a director of the Company; and (3) the Trustee may be designated by the Company or by any underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depositary, or in any other similar capacity, or, subject to the provisions of *paragraph (i)* of this *subsection (c)*, to act as trustee whether under an indenture or otherwise;

(v) 10% or more of the voting securities of the Trustee is beneficially owned either by the Company or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any 2 or more of such persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any 2 or more such persons;

(vi) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, (1) 5% or more of the

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voting securities or 10% or more of any other class of security of the Company, not including the Debentures and securities issued under any other indenture under which the Trustee is also trustee, or (2) 10% or more of any class of security of an underwriter for the Company;

(vii) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(viii) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, 10% or more of any class of security of any person who, to the knowledge of the Trustee, holds 50% or more of the voting securities of the Company; or

(ix) The Trustee owns on May 15 in any calendar year in the capacity of executor, administrator, testmentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under *paragraphs (vi), (vii)* or *viii* of this *subsection (c)*. As to any such securities of which the Trustee acquired ownership through becoming executor, administrator or testmentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply for a period of 2 years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. On May 15 in each calendar year the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Company fails to make payment in full of principal or interest upon any of the Debentures when and as the same become due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30 day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such se-

curities so held by the Trustee, with sole or joint control over s
securities vested in it, shall, but only so long as such failure shall c
time, be considered as though beneficially owned by the Trustee
the purposes of *paragraphs (vi), (vii)* and *(viii)* of this *subsection*

The specifications of percentages in *paragraphs (v)* to *(ix)*, inclus
of this *subsection (c)* shall not be construed as indicating that the ow
ship of such percentages of the securities of a person is or is not neces
or sufficient to constitute direct or indirect control for the purposes of p
graph (iii) or (vii) of this subsection (c).

For the purposes of *paragraphs (vi), (vii), (viii)* and *(ix)* of this *sub*
tion (c) only, (1) the terms "security" and "securities" shall include
such securities as are generally known as corporate securities, but shall
include any note or other evidence of indebtedness issued to evidence
obligation to repay moneys lent to a person by one of more banks, t
companies or banking firms or any certificate of interest or participatio
any such note or evidence of indebtedness; (2) an obligation shall
deemed to be in default when a default in payment of principal shall h
continued for 30 days or more and shall not have been cured; and (3)
Trustee shall not be deemed to be the owner or holder of (A) any secu
which it holds as collateral security, as trustee or otherwise, for an obl
tion which is not in default as in this paragraph defined, or (B) any se
ity which it holds as collateral security under this Indenture, irrespec
of any default hereunder, or (C) any security which it holds as agent
collection, or as custodian, escrow agent or depositary, or in any sim
representative capacity.

Except as above provided, the word "security" or "securities" as u
in this Indenture shall mean any note, stock, treasury stock, bond, deb
ture, evidence of indebtedness, certificate of interest or participation in
profit-sharing agreement, collateral-trust certificate, pre-organization
tificate or subscription, transferable share, investment contract, voting t
certificate, certificate of deposit for a security, fractional undivided inte
in oil, gas, or other mineral rights, or, in general, any interest or instrum
commonly known as a "security," or any certificate of interest or partici
tion in, temporary or interim certificate for, receipt for, guarantee of,
warrant or right to subscribe to or purchase, any of the foregoing.

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(d) For the purposes of this *Section 9.08*:

(i) The term "underwriter" when used with reference to the Company shall mean every person who, within 3 years prior to the time as of which the determination is made, has purchased from the Company with a view to, or has sold for the Company in connection with, the distribution of any security of the Company outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(ii) The term "director" shall mean any director of a corporation or any individual performing similar functions with respect to any organization whether incorporated or unincorporated.

(iii) The term "person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, an unincorporated organization, or a government or political subdivision thereof. As used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(iv) The term "voting security" shall mean any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(v) The term "Company" shall mean any obligor upon the Debentures.

(vi) The term "executive officer" shall mean the president, every vice-president, every trust officer, the cashier, the secretary and the treasurer of a corporation, and any individual customarily performing

similar functions with respect to any organization whether incorp ated or unincorporated, but shall not include the chairman of t Board of Directors.

(vii) The percentages of voting securities and other securit shall be calculated in accordance with the following provisions:

(1) A specified percentage of the voting securities of a pers means such amount of the outstanding voting securities of su person as entitles the holder or holders thereof to cast such spe fied percentage of the aggregate votes which the holders of all t outstanding voting securities of such person are entitled to c in the direction or management of the affairs of such person.

(2) A specified percentage of a class of securities of a pers means such percentage of the aggregate amount of securities the class outstanding.

(3) The term "amount," when used in regard to securiti means the principal amount if relating to evidences of indebt ness, the number of shares if relating to capital shares, and t number of units if relating to any other kind of security.

(4) The term "outstanding" means issued and not held by for the account of the issuer. The following securities shall n be deemed outstanding within the meaning of this definition:

(A) Securities of an issuer held in a sinking fund relati to securities of the issuer of the same class;

(B) Securities of an issuer held in a sinking fund relati to another class of securities of the issuer, if the obligati evidenced by such other class of securities is not in default to principal or interest or otherwise;

(C) Securities pledged by the issuer thereof as secur for an obligation of the issuer not in default as to princi or interest or otherwise;

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(D) Securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(5) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges, provided, however, that in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes, and provided further that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

SECTION 9.09. There shall at all times be a trustee hereunder which shall be a corporation and shall be a national banking association organized and existing under the laws of the United States of America or a bank or trust company organized and existing under the laws of any State or Territory thereof or of the District of Columbia, authorized under such laws to exercise corporate trust powers, having its principal office in the city of Newark, New Jersey, New York, New York, or Philadelphia, Pennsylvania, having a combined capital and surplus of at least $5,000,000, and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. If such national banking association or bank or trust company publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this *Section 9.09* the combined capital and surplus of such national banking association or bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this

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Section 9.09, the Trustee shall resign immediately in the manner and wi
the effect specified in *Section 9.10*.

SECTION 9.10. (a) The Trustee may at any time resign by givi
written notice to the Company and by giving to the Debenture holde
notice by publication of such resignation, which notice shall be publish
at least once in a New York Daily Newspaper. Upon receiving such noti
of resignation, the Company shall promptly appoint a successor trust
If no successor trustee shall have been so appointed and have accept
appointment within 30 days after publication of such notice of resignatio
the resigning Trustee may petition any court of competent jurisdiction f
the appointment of a successor trustee, or, subject to the provisions
Section 8.12, any Debenture holder who has been a bona fide holder o
Debenture for at least 6 months may, on behalf of himself and all oth
similarly situated, petition any such court for the appointment of a succ
sor trustee. Such court may thereupon after such notice, if any, as it m
deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) the Trustee shall fail to comply with the provisions of *subs*
tion (a) of *Section 9.08* after written request therefor by the Compa
or by any Debenture holder who has been a bona fide holder o
Debenture for at least 6 months, or

(ii) the Trustee shall cease to be eligible in accordance with t
provisions of *Section 9.09* and shall fail to resign after written requ
therefor by the Company or by any such Debenture holder, or

(iii) the Trustee shall become incapable of acting, or shall
adjudged a bankrupt or insolvent, or a receiver of the Trustee or of
property shall be appointed, or any public officer shall take charge
control of the Trustee or of its property or affairs for the purpose
rehabilitation, conservation or liquidation,

then, in any such case, the Company may remove the Trustee and appo
a successor trustee, or, subject to the provisions of *Section 8.12*, any su
Debenture holder may, on behalf of himself and all others similarly si
ated, petition any court of competent jurisdiction for the removal of t
Trustee and the appointment of a successor trustee. Such court may the

upon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the outstanding Debentures may at any time remove the Trustee and appoint a successor trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this *Section 9.10* shall become effective upon acceptance of appointment by the successor trustee as provided in *Section 9.11*.

SECTION 9.11. Any successor trustee appointed as provided in *Section 9.10* shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts hereunder, with like effect as if originally named as trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all the rights, powers and trusts of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and duties. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure the amounts due it as compensation, reimbursement, expenses and indemnity afforded to it by *Section 9.06*.

No successor trustee shall accept appointment as provided in this *Section 9.11*, unless at the time of such acceptance such successor trustee shall be qualified under the provisions of *Section 9.08* and eligible under the provisions of *Section 9.09*.

Upon acceptance of appointment by a successor trustee as provided in this *Section 9.11*, the Company shall publish notice of the succession of such trustee to the trusts hereunder at least once in a New York Daily

Newspaper. If the Company fails to publish such notice within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be published at the expense of the Company.

SECTION 9.12. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation succeeding to the business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, providing that such successor trustee shall be eligible under the provisions of *Section 9.09* and that, if such successor trustee shall not be qualified under the provisions of *Section 9.08*, such successor trustee shall, within 90 days after becoming such successor trustee, either become qualified under the provisions of *Section 9.08* or resign in the manner and with the effect specified in *Section 9.10*.

SECTION 9.13. (a) Subject to the provisions of *subsection (b)* of this *Section 9.13*, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company within 4 months prior to a default (as defined in *subsection (c)* of this *Section 9.13*) or subsequent to such default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the holders of the Debentures and the holders of other indenture securities (as defined in *subsection (c)* of this *Section 9.13*)

(i) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such 4 months' period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in *paragraph (ii)* of this *subsection (a)* or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

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(ii) all property received in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such 4 months' period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee

(1) to retain for its own account (A) payments made on account of any such claim by any person (other than the Company) who is liable thereon, and (B) the proceeds of the bona fide sale of any such claim by the Trustee to a third person, and (C) distributions made in cash, securities, or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal bankruptcy laws or applicable State law;

(2) to realize for its own account upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such 4 months' period;

(3) to realize for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such 4 months' period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default as defined in *subsection (c)* of this *Section 9.13* would occur within 4 months; or

(4) to receive payment on any claim referred to in *paragraph (2)* or *(3)* next preceding, against the release of any property held as security for such claim as provided in said *paragraph (2)* or *(3)*, as the case may be, to the extent of the fair value of such property.

For the purposes of *paragraphs (2), (3)* and *(4)* next preceding, property substituted after the beginning of such 4 months' period for property held as security at the time of such substitution shall, to the extent of the fair

value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between the Trustee, the Debenture holders, and the holders of other indenture securities, in such manner that the Trustee, the Debenture holders, and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal bankruptcy laws or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of the Trustee, the Debenture holders, and the holders of other indenture securities, dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal bankruptcy laws or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal bankruptcy laws or applicable State law, whether such distribution is made in cash, securities, or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership, or proceedings for reorganization is pending shall have jurisdiction (A) to apportion between the Trustee, the Debenture holders and holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and the proceeds thereof, or (B) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness

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of the distributions to be made to the Trustee, the Debenture holders, and the holders of other indenture securities, with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee who has resigned or been removed after the beginning of such 4 months' period shall be subject to the provisions of this *subsection (a)* as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such 4 months' period, it shall be subject to the provisions of this *subsection (a)* if and only if the following conditions exist—

(A) the receipt of property or reduction of claim which would have given rise to the obligation to account, if such Trustee had continued as trustee, occurred after the beginning of such 4 months' period; and

(B) such receipt of property or reduction of claim occurred within 4 months after such resignation or removal.

(b) There shall be excluded from the operation of *subsection (a)* of this *Section 9.13* a creditor relationship arising from—

(i) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of 1 year or more at the time of acquisition by the Trustee;

(ii) if any property other than cash shall at any time be subject to the lien of this Indenture, advances authorized by a receivership or bankruptcy court of competent jurisdiction or by the instrument subjecting such property to such lien, made for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advance and of the circumstances surrounding the making thereof is given to the Debenture holders as provided in *subsections (a), (b)* and *(c) of Section 7.04* with respect to advances by the Trustee as such;

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(iii) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(iv) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in *subsection (c)* of this *Section 9.13;*

(v) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25 (a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; or

(vi) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper as defined in *subsection (c)* of this *Section 9.13.*

(c) As used in this *Section 9.13:*

(i) The term "default" shall mean any failure to make payment in full of the principal of or interest upon any of the Debentures or upon any other indenture securities when and as such principal or interest becomes due and payable.

(ii) The term "other indenture securities" shall mean securities upon which the Company is an obligor (as defined in the Trust Indenture Act of 1939) outstanding under any other indenture (1) under which the Trustee is also trustee, (2) which contains provisions substantially similar to the provisions of *subsection (a)* of this *Section 9.13* and (3) under which a default exists at the time of the apportionment of the funds and property held in said special account.

(iii) The term "cash transaction" shall mean any transaction in which full payment for goods or securities sold is made within 7 days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand.

(iv) The term "self-liquidating paper" shall mean any draft, bill of exchange, acceptance or obligation which is made, drawn, negoti-

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ated or incurred by the Company for the purpose of financing the purchase, processing, manufacture, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the Company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

(v) The term "Company" shall include any obligor upon the Debentures.

ARTICLE X.

Concerning the Debenture Holders.

SECTION 10.01. Wherever it is provided herein that the holders of a specified percentage in aggregate principal amount of Debentures may take any action (including the making of any demand or request, the giving of any notice or consent or the taking of any other action) the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Debenture holders, in person or by agent or proxy appointed in writing, or (b) by the record of the holders of Debentures voting in favor thereof at any meeting of Debenture holders duly called and held in accordance with the provisions of *Article XI*, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Debenture holders; but in each case only to the extent that the holders of Debentures shall not have revoked such action, consent or vote pursuant to *Section 10.05*.

SECTION 10.02. Subject to the provisions of *Section 9.01*, proof of the execution of any instrument by a Debenture holder or his agent or proxy, and proof of the holding by any person of any of the Debentures, shall be sufficient for any purpose of this Indenture, if made in the following manner:

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The fact and date of the execution by any such person of any ins ment may be proved by the certificate of any notary public, or other off authorized to take acknowledgments of deeds to be recorded within United States of America, that the person executing such instrument knowledged to him the execution thereof, or by an affidavit of a witnes such execution sworn to before any such notary or other such offi

The holding of Debentures registered as to principal at the time determination of the holders of Debentures for any purpose of this Ind ture shall be proved by the register of such Debentures or by a certific of the registrar thereof.

The record of any Debenture holders' meeting shall be proved in manner provided in *Section 11.06*.

The Trustee may require such additional proof of any matter refer to in this *Section 10.02* as it shall deem necessary.

SECTION 10.03. The Company and the Trustee may deem and tr the person in whose name any Debenture shall be registered upon books of the Company as hereinbefore provided as the absolute ow thereof, whether or not the same shall be overdue, for the purpose of ceiving payment of or on account of the principal of and interest on s Debenture, and for all other purposes. All such payments so made to upon the order of any such registered holder shall be valid, and, to extent of the sum or sums so paid, effectual to satisfy the liability moneys payable upon any such Debenture.

SECTION 10.04. In determining whether the holders of the requi aggregate principal amount of Debentures have concurred in any direct or consent hereunder, Debentures which are owned by the Company by any other obligor on the Debentures or by any person directly or directly controlling or controlled by or under direct or indirect comm control with the Company or any such other obligor shall be disregar and deemed not to be outstanding for the purpose of such determinat except that for the purposes of determining whether the Trustee shall relieved of liability in relying on any such direction or consent, only Del tures which the Trustee knows to be so owned shall be so disregarded

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SECTION 10.05. At any time prior to the evidencing to the Trustee, as provided in *Section 10.01*, of the taking of any action by the holders of the percentage in aggregate principal amount of the Debentures specified in this Indenture in connection with such action, any holder of a Debenture, the serial number of which is shown by the evidence to be included in the Debentures the holders of which have consented to or voted in favor of such action may, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in *Section 10.02*, revoke such action, consent or vote so far as concerns such Debenture. Except as aforesaid, any such action taken by the holder of any Debenture shall be conclusive and binding upon such holder and upon all future holders of such Debenture, irrespective of whether or not any notation of such consent is made upon such Debenture, and in any event any action taken by the holders of the percentage in aggregate principal amount of the Debentures specified herein in connection with such action shall be conclusively binding upon the Company, the Trustee and the holders of all Debentures.

ARTICLE XI.

Debenture Holders' Meetings.

SECTION 11.01. A meeting of holders of outstanding Debentures may be called at any time and from time to time pursuant to the provisions of this *Article XI* for any of the following purposes:

(a) to give any notice to the Company or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Debenture holders pursuant to any of the provisions hereof;

(b) to remove the Trustee and appoint a successor trustee pursuant to the provisions of *Section 9.10*.

(c) to consent to the execution of any indenture supplemental hereto pursuant to the provisions of *Section 12.02;* or

(d) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of the Debentures under any other provision hereof or under applicable law.

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SECTION 11.02. The Trustee may at any time call a meeting of the holders of outstanding Debentures to take any action specified in *Section 11.01*, to be held at such time and at such place in the City of Philadelphia, Pennsylvania, or Lamar, Colorado, as the Trustee shall determine. Notice of every meeting of Debenture holders setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail shall be published once in each calendar week (in each case on any business day of the week) for at least 4 successive weeks in a New York Daily Newspaper (which need not be the same newspaper for all such publications), the first publication to be not less than 20 nor more than 180 days prior to the date fixed for the meeting; and on or before the date of the first publication of such notice the Trustee shall also mail a copy thereof to the Company and to each registered holder of a Debenture at the last address of such holder appearing on the register provided for in *Section 2.04*, but failure to so mail or any defect therein shall not affect the validity of the meeting.

SECTION 11.03. In case at any time the Company, pursuant to a resolution of its Board of Directors, or the holders of 20% in aggregate principal amount of the outstanding Debentures, shall have requested the Trustee to call a meeting of the Debenture holders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have made the first publication of the notice of such meeting within 20 days after receipt of such request, then the Company or the holders of Debentures in the amount above specified, whichever shall have made such request, may determine the time and place for such meeting and may call such meeting to take any action authorized in *Section 11.01*, by giving notice thereof as provided in *Section 11.02*.

SECTION 11.04. To be entitled to vote at any meeting of Debenture holders, a person shall (a) be a registered holder of Debentures registered as to principal, or (b) be a person appointed by an instrument in writing as proxy by any such holder. The only persons who shall be entitled to be present or to speak at any meeting of Debenture holders shall be the persons entitled to vote at such meeting and their counsel, the inspectors of votes, and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

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SECTION 11.05. Notwithstanding any other provisions of this Indenture, the Trustee, may make such reasonable regulations as it may deem advisable for any meeting of Debenture holders, in regard to proof of the holding of Debentures, the appointment of proxies, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit. Except as otherwise permitted or required by any such regulations, the holding of Debentures shall be proved in the manner specified in *Section 10.02* and the appointment of any proxy shall be proved in the manner specified in *Section 10.02* or by having the signature of the person executing the proxy witnessed or guaranteed by any bank, banker or trust company authorized by *Section 10.02* to so guarantee.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Debenture holders as provided in *Section 11.03*, in which case the Company or the Debenture holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. The meeting shall elect a permanent chairman and a permanent secretary of the meeting.

Subject to the provisions of *Section 10.04*, at any meeting each Debenture holder or proxy shall be entitled to 1 vote for every $50 principal amount of Debentures held or represented by him, provided, however, that no vote shall be cast or counted at any meeting in respect of any Debenture challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Debentures held by him or instruments in writing as aforesaid duly designating him as the person to vote on behalf of other Debenture holders. Any meeting of Debenture holders duly called pursuant to the provisions of this *Article XI* may be adjourned from time to time for a period or periods not to exceed in the aggregate 1 year from the date for which the meeting shall have originally been called, and the meeting may be held as so adjourned without further notice.

SECTION 11.06. The vote upon any proposal submitted in accordance with the provisions of *Section 11.01* shall be by written ballots on which

shall be subscribed the signatures of the Debenture holders or their representatives by proxy and the serial number or numbers of the Debentures held or represented by them. The chairman of the meeting shall appoint 2 inspectors of votes who shall count all votes cast at the meeting for or against any proposal and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting which reports shall show the serial numbers of all Debentures voting in favor of any such proposal. A record in duplicate of the proceedings of each meeting of the Debenture holders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in *Section 11.02*. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee. Any record so signed and verified and the reports of the inspectors and the affidavits attached thereto shall be conclusive evidence of the matters therein stated.

SECTION 11.07. Nothing in this *Article XI* contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Debenture holders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Debenture holders under any of the provisions hereof or of the Debentures.

ARTICLE XII.

Supplemental Indentures.

SECTION 12.01. The Company, when authorized by a resolution of its Board of Directors, and the Trustee may, from time to time and at any time, enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

(a) To add to the covenants of the Company such further covenants as its Board of Directors and the Trustee shall consider to be for

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the protection of the holders of Debentures, and to make the occurrence and continuance of failure to perform any of such additional covenants a default permitting the enforcement of all or any of the several remedies provided for herein; provided, however, that in respect of any such additional covenant, such supplemental indenture may provide for a particular period of grace (which period may be shorter or longer than that allowed in the case of other defaults), or for an immediate enforcement, upon such default, or may limit the remedies which may become available to the Trustee on account of such default, or may limit the right of the holders of a majority in aggregate principal amount of the Debentures to waive such default.

(b) To evidence the succession or successive successions of any other corporation or corporations to the Company and the assumption by such successor corporation or corporations of the covenants and obligations of the Company hereunder.

(c) To mortgage, pledge, convey, assign and transfer to the Trustee any property or assets as security for the Debentures, and to specify the terms and conditions upon which such property or assets are to be held and dealt with by the Trustee, and to set forth such other provisions in respect thereof as may be required hereby or as may, consistent with the provisions hereof, be deemed appropriate by the Company and the Trustee, or to correct or amplify the description of any such property or assets at any time so mortgaged, pledged, conveyed, assigned and transferred to the Trustee.

(d) To cure any ambiguity or to correct or supplement any provision hereof which may be defective or inconsistent with any other provision hereof, or to make such other provisions in regard to matters or questions arising hereunder as the Board of Directors of the Company may deem necessary or desirable and which shall not be inconsistent with provisions hereof and which shall not adversely affect the interests of the Debenture holders.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer and assignment of any property thereun-

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der, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities hereunder or otherwise.

Any supplemental indenture authorized by the provisions of this *Section 12.01* may be executed by the Company and the Trustee without the consent of the holders of any of the Debentures at the time outstanding, notwithstanding any of the provisions of *Section 12.02*.

SECTION 12.02. With the consent, evidenced as provided in *Section 10.01*, of the holders of not less than 66⅔% in aggregate principal amount of the outstanding Debentures, the Company, when authorized by a resolution of its Board of Directors, and the Trustee may, from time to time and at any time, enter into any indenture supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions hereof; provided, however, that no such supplemental indenture shall (a) extend the fixed maturity of any of the Debentures, or reduce the rate or extend the time of payment of interest thereon, or reduce the amount of the principal thereof without the consent of the holder of each Debenture so affected, or (b) reduce the aforesaid percentage of Debentures, the consent of the holders of which is required to approve any such supplemental indenture, without the consent of the holders of all the outstanding Debentures. Upon the request of the Company, accompanied by a copy of a resolution of its Board of Directors certified by the Secretary or any Assistant Secretary of the Company authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Debenture holders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities hereunder or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Debenture holders under this *Section 12.02* to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

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Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of this *Section 12.02*, the Company shall publish a notice, setting forth in general terms the substance of such supplemental indenture, at least once in a New York Daily Newspaper and shall also mail a copy thereof to each registered holder of a Debenture at the last address of such holder appearing on the register provided for in *Section 2.04*. Any failure of the Company to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 12.03. Any supplemental indenture executed pursuant to the provisions of this *Article XII* shall comply with the provisions of the Trust Indenture Act of 1939 as then in effect. Upon the execution of any supplemental indenture pursuant to the provisions of this *Article XII*, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations hereunder the Company, the Trustee and all holders of Debentures shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications or amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions hereof for any and all purposes.

SECTION 12.04. The Trustee, subject to the provisions of *Section 9.01*, may receive an opinion of counsel, who may be counsel for the Company, as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this *Article XII* complies with the requirements of this *Article XII*. Any such opinion shall comply with the requirements of *Section 9.07 (c)*.

SECTION 12.05. Debentures authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this *Article XII* may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Debentures so modified as to conform, in the opinion of the Trustee and the Board of Directors of the Company, to any modification hereof contained in any such supplemental indenture may be prepared by the Company, authenticated by the Trustee and deliv-

ered without cost to the holders of outstanding Debentures, upon surrender of such Debentures in equal aggregate principal amounts.

ARTICLE XIII.

Consolidation, Merger and Sale.

SECTION 13.01. The Company covenants and agrees that it will not sell, transfer or lease its property as an entirety or substantially as an entirety to, or consolidate or merge with any other corporation, or permit any other corporation to merge into it, unless such other corporation be a Wholly-Owned Subsidiary if as a result thereof, any of the property of the Company would become subject to any mortgage, pledge, lien, or encumbrance other than any to which such property was theretofore subject, unless the Company, prior thereto, shall, by indenture supplemental hereto, secure the outstanding Debentures, either alone, or equally and ratably with the whole or any part of any other indebtedness of the Company, by a direct lien on all such property of the Company prior to all liens other than any theretofore existing thereon.

SECTION 13.02. Subject to the provisions of *Section 13.01*, nothing contained herein shall prevent any consolidation or merger of the Company with any other corporation or corporations, or successive consolidations or mergers to which the Company or its successor or successors shall be a party or parties, or any sale, transfer or lease of the property of the Company or its successor or successors as an entirety or substantially as an entirety to any other corporation lawfully authorized to acquire the same; provided, that upon any such consolidation, merger, sale, transfer or lease, the due and punctual payment of the principal and interest of and on all the Debentures according to their tenor, and the due and punctual performance of all of the terms, covenants and conditions hereof to be kept or performed by the Company, shall, by an indenture supplemental hereto executed and delivered to the Trustee, be expressly assumed by the corporation, if other than the Company, formed by or surviving such consolidation or merger or acquiring or leasing such property; and every such successor, upon executing such indenture supplemental hereto in form satisfactory to the Trustee, shall succeed to and be substituted for the Company with the same effect

as if it had been named herein as party of the first part hereto, and shall possess and from time to time may exercise each and every power hereunder of the Company, and may execute and deliver Debentures hereunder, either in the name of the Company, or of such successor, and any act or proceeding required hereby to be done or performed by any board or officer of the Company may be done or performed with like force and effect by the like board or officer of such successor. Notwithstanding anything contained in this *Article XIII*, the Company shall not in any event be released from its liabilities or obligations under any of the provisions hereof or of the Debentures.

SECTION 13.03. The Trustee, subject to the provisions of *Section 9.01*, many receive an opinion of counsel, who may be counsel for the Company, as conclusive evidence that any such consolidation, merger, sale, transfer or lease and any such supplemental indenture comply with the provisions of this *Article XIII*. Any such opinion shall comply with the requirements of *Section 9.07 (c)*.

ARTICLE XIV.

Discharge of Indenture; Unclaimed Moneys.

SECTION 14.01. If (a) all the Debentures not theretofore cancelled shall have been delivered to the Trustee for cancellation, or (b) all of the Debentures having become due and payable, the Company shall well and truly pay or cause to be paid the whole amount of the principal, premium and interest due upon all the Debentures, or shall provide for such payment by depositing with the Trustee for the payment thereof the entire amount then due thereon for principal, premium and interest, or (c) prior to all of the Debentures having become due and payable, the Company shall deposit with the Trustee an amount sufficient to pay or redeem all the outstanding Debentures and in the case of redemption shall, unless notice of such redemption shall have been given, make arrangements satisfactory to the Trustee in respect thereof—and if in any such event the Company shall also pay or cause to be paid all other sums payable hereunder by the Company, and if the Company shall furnish to the Trustee a certificate signed by the President or any Vice-President and by the Secretary or any Assistant Secretary or the Treasurer or any Assistant Treasurer of the Com-

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pany stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, and an opinion of counsel, who may be counsel for the Company, stating that in its opinion such conditions precedent have been complied with (said certificate and opinion complying with the requirements of *Section 9.07 (c)*), then in such event this Indenture shall cease to be of further effect and shall terminate, and the Trustee on demand and at the cost and expense of the Company shall execute proper instruments acknowledging satisfaction of and discharging this Indenture.

SECTION 14.02. Any moneys deposited with the Trustee for the payment of principal, and/or interest on any Debentures and not applied to such payment within 4 years and ten months after the date of satisfaction and discharge hereof shall be repaid to the Company on demand; and thereupon the Trustee shall be released from all further liability with respect to such moneys, and the holder of such Debentures entitled to receive such payment shall thereafter look only to the Company, as the holder of a general claim, for the payment thereof; provided, however, that the Trustee, before being required to make any such repayment, may at the expense of the Company cause to be published at least once in a New York Daily Newspaper, a notice that such moneys have not been so applied and that after a date named therein any unclaimed balance of said moneys then remaining will be repaid to the Company.

ARTICLE XV.

Immunity of Incorporators, Stockholders, Officers and Directors.

SECTION 15.01. No recourse under or upon any obligation, covenant or agreement hereof, or of any Debenture, or because of the creation of any indebtedness evidenced hereby or thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution or statute or rule of law or equity, or by the enforcement of any assessment or penalty or otherwise, all such liability being expressly waived and released by the acceptance of any Debenture and as part of the consideration for the issue thereof.

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ARTICLE XVI.

Warrants to Purchase Common Stock.

SECTION 16.01. The Company will issue in conjunction with each $50 principal amount 5% Debenture Bond issued under this indenture a warrant evidencing the holder's right to subscribe to ½ share of common stock of the Company at a price of $10 per share, which warrant shall be in bearer form and shall be immediately detachable from said debenture and shall be valid until July 1, 1969 or until this indenture shall have been discharged in accordance with Article 14 hereof, whichever shall be the later date.

SECTION 16.02. The Trustee under this indenture, Fidelity-Philadelphia Trust Company, is hereby designated as warrant agent for the Company and all such warrants issued shall be valid only if, as, and when executed by the authorized officer of said trustee to validate said warrants. Said warrants shall be transferable by delivery and the warrant agent is hereby authorized to issue additional warrant certificates not in excess of 47,059 such warrants each evidencing the right to subscribe to ½ share of common stock upon surrender of any warrant to it.

SECTION 16.03. Said warrants shall be exercised by the holder thereof tendering to the warrant agent the warrant with the subscription provision executed on the reversed side thereof, together with a check in the amount of said subscription payable to the order of the Company. The warrant agent shall then notify the Company of such subscription and the Company shall thereupon issue and deliver a certificate or certificates for full shares of Common Stock in respect of which such warrant shall have been exercised and such shares shall be fully paid and non assessable. No fractional shares will be issued. The Company shall pay any and all original issue taxes required in connection with the issue of shares of common stock upon the exercise of any warrant.

SECTION 16.04. During the life of any said warrants, the Company shall not issue Common Stock for less than $10 per share payable in either cash or in property and the valuations of any such property received in exchange for such shares as fixed by the board of directors shall be conclusive.

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SECTION 16.05. Said warrants shall have no voting rights nor shall said warrants entitle the holder thereof to any notices from the corporation, nor shall said warrants be entitled to any pre-emptive right to the subscription of additional shares of common stock, nor to participate in any dividends or other distributions on common stock. In the case of issuance of additional shares of common stock as a dividend on existing common stock an amount equivalent to at least $10 per each share of the stock so issued shall be transferred to capital representing the issuance of additional shares irrespective of the then market or book value of such shares. The rights of said warrant holders shall be limited to those expressed in this Article XVI.

SECTION 16.06. Any sums received by the Company through the exercise of warrants issued hereunder shall be applied by the Company for sinking fund purposes in the fiscal year in which received in addition to the requirements as set forth in Article VI hereof.

ARTICLE XVII.

Miscellaneous Provisions.

SECTION 17.01. Nothing contained herein or in the Debentures express or implied, shall give or be construed to give to any person, firm or corporation, other than the parties hereto and the holders of the Debentures, any legal or equitable right, remedy or claim under or in respect hereof or under any covenant, condition or provision herein contained; and, subject to the provisions of *Section 15.01*, this Indenture and all its covenants, conditions and provisions shall be for the sole benefit of the parties hereto and of the holders of the Debentures.

SECTION 17.02. Any notice or demand which by any provision hereof is required or permitted to be given to the Company shall be sufficiently given for all purposes hereof if delivered or mailed either (a) to National Alfalfa Dehydrating and Milling Company, Lamar, Colorado, or at such other address as the Company may from time to time specify in writing to the Trustee, or (b) (except in the case of a notice given by the Trustee to the Company) to the Trustee at the principal office of the Trustee. Any notice, request or demand by the Company or any Debenture holder to or upon the Trustee shall be deemed to have been sufficiently given or made for all purposes if given or made at the principal office of the Trustee.

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SECTION 17.03. Wherever it is provided herein that the Trustee shall cancel any Debentures and deliver them to the Company, the Trustee may cancel and cremate such Debentures and deliver a certificate of cremation thereof to the Company.

SECTION 17.04. If and to the extent that any provision hereof limits, qualifies or conflicts with another provision hereof required to be included herein by any of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

SECTION 17.05. The date of this Indenture, to wit, July 1, 1957, is intended as and for a date for the identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date, this Indenture being executed and delivered as of the date of the acknowledgment thereof.

SECTION 17.06. All the covenants, stipulations, promises and agreements herein contained by or on behalf of or for the benefit of the Company or the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 17.07. The headings of the several Articles hereof and the statements contained in the Table of Contents prefixed hereto are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 17.08. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

SECTION 17.09. This Indenture and each Debenture issued hereunder shall be deemed to be a contract made under the laws of the Commonwealth of Pennsylvania and for all purposes shall be construed and enforced in accordance with the laws of said State.

SECTION 17.10. Fidelity-Philadelphia Trust Company, the party hereto of the second part, represents that it is fully authorized to enter into this Indenture and execute the trusts hereby created, and hereby accepts the trust herein declared and provided upon the terms and conditions herein set forth.

[π]

IN WITNESS WHEREOF, NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY, the party of the first part, has caused this Indenture to be executed in its corporate name by its President or one of its Vice-Presidents, and its corporate seal to be hereunto affixed and attested by its Secretary or one of its Assistant Secretaries, and Fidelity-Philadelphia Trust Company, the part of the second part, has caused this Indenture to be executed in its name by one of its Vice-Presidents and its corporate seal to be hereunto affixed and attested by one of its Assistant Secretaries, all as of the day and year first above written.

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

By Henry O. Hoffman

President

Attest:

Secretary

(CORPORATE SEAL)

FIDELITY-PHILADELPHIA TRUST COMPANY

By

Vice-President

Attest:

Assistant Secretary

(CORPORATE SEAL)

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COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } SS.:

On this 24th day of July, before me personally came HENRY A. HOFMANN, to me known, who, being by me duly sworn, did depose and say that he resides at Sinking Spring, Pa.; that he is President of NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument and purporting to be the seal of the said NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY is such seal; that is was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Jean C. Mascioli

(NOTARIAL SEAL)

Notary Public.

Notary Public, Philadelphia, Philadelphia Co.
My Commission Expires April 14, 1959

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } SS.:

On this 25th day of July 1957, before me personally came HARRY L. WALTERS, to me known, who, being by me duly sworn, did depose and say that he resides at Philadelphia; that he is Vice-President of Fidelity-Philadelphia Trust Company, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument and purporting to be the seal of the said Fidelity-Philadelphia Trust Company is such seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

G. Leonard Pappold

(NOTARIAL SEAL)

Notary Public.

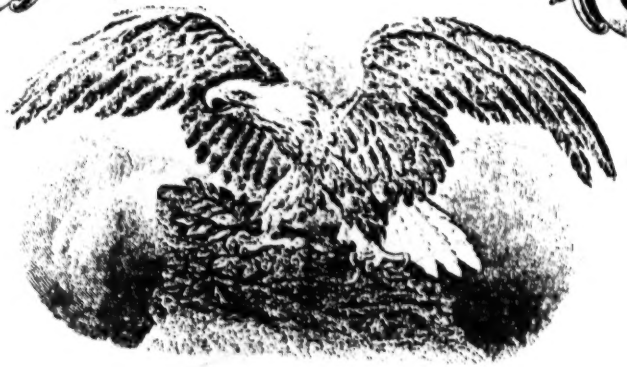
G. LEONARD PAPPOLD
Notary Public, Philadelphia County
135 S. Broad St., Philadelphia 9, Pa.
My Commission Expires July 16, 1959

STIPULATION EXHIBIT 13

Specimen Form of Debenture.

(154)

— NUMBER —

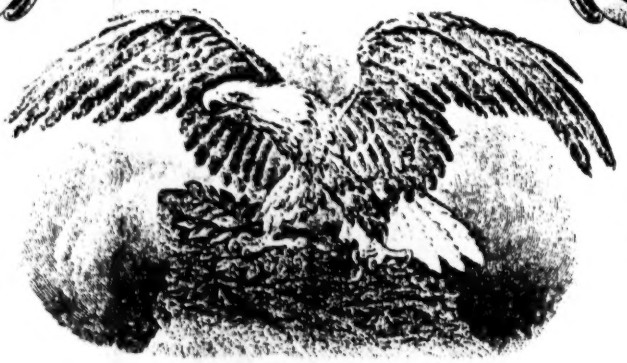


NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

18 YEAR 5% DEBENTURE DUE JULY 1, 1975

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY (hereinafter called the "Company"), a corporation duly organized and existing under the laws of the State of Delaware, for value received, hereby promises to pay on the 1st day of JULY, 1975, to

—NUMBER—



NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

18 YEAR 5% DEBENTURE DUE JULY 1, 1975

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY (hereinafter called the "Company"), a corporation duly organized and existing under the laws of the State of Delaware, for value received, hereby promises to pay on the 1st day of JULY, 1975, to

the registered holder hereof, at the principal office of the Trustee under the Indenture hereinafter mentioned, in the City of Philadelphia, Pennsylvania, the principal amount of

DOLLARS ($)

in lawful money of the United [illegible] payment is legal tender for [illegible] thereon at said office [illegible] year, at the rate of [illegible] paid or the payment [illegible]

This Debenture [illegible] the Company known as [illegible] the "Debentures") limited [illegible] $2,352,950, all issued and [illegible] Indenture dated as of July 1, 1957 [illegible] Company and Fidelity-Philadelphia Trust [illegible] Indenture and any indentures supplemental [illegible] lectively called the "Indenture") reference [illegible] tion of the rights, duties and immunities [illegible] the rights and limitations of rights [illegible] tures of the Company.

The Indenture [illegible] the Trustee, with the consent [illegible] aggregate principal amount of the then [illegible] as in the Indenture [illegible] any provisions of [illegible] provisions of the Indentures provided, however, that no such supplemental indenture shall (a) reduce the principal amount or extend the maturity of any of the Debentures without the consent of the holder of each Debenture so affected or (b) reduce the aforesaid percentage of Debentures, the consent of the holders of which is required to approve any such supplemental indenture, without the consent of the holders of all the outstanding Debentures.

In case a default as defined in the Indenture shall occur and be continuing, the principal of all outstanding Debentures may become or be declared due and payable before maturity, in the manner and with the effect provided in the Indenture.

The Indenture provides that the holders of a majority in principal amount of the then outstanding Debentures may on behalf of the holders of all of the Debentures waive any past default and its consequences, in the manner and to the extent provided in the Indenture. Any such waiver by the holder of this Debenture shall be conclusive and binding upon such holder and upon all future holders of this Debenture (unless

[illegible]), irrespective of whether [illegible] Debenture.

[illegible] d at any time by the [illegible] the Indenture at par [illegible], 1958.

[illegible] contingent sinking [illegible] provided in the [illegible] principal amounts aggre- [illegible] said sinking fund [illegible] as provided in the [illegible] price of 100% of the principal [illegible] with accrued interest to

[illegible] redemption and payment [illegible] to bear interest from

[illegible] principal in the holder's [illegible] city of Philadelphia, [illegible] Debenture. No service [illegible] transfer, but the Com- [illegible] any stamp tax or [illegible] thereof.

[illegible] in whose name [illegible] of this Debenture, [illegible] the purpose of receiv- [illegible] neither the Company [illegible] be affected by any notice to the contrary.

[illegible] obligation, covenant or agreement [illegible] Debenture, or because of the creation of any [illegible] shall be had against any incorporator, [illegible] as such, past, present or future, of the [illegible] corporation, either directly or through the [illegible] corporation, whether by virtue of any constitu- [illegible] or rule of law or equity or by the enforcement of any [illegible] or otherwise, all such liability being by the accept- [illegible] hereof and as part of the consideration for the issue hereof expressly waived and released, as provided in the Indenture.

This Debenture shall not become valid or obligatory for any purpose until the certificate of authentication hereon shall have been executed by the Trustee.

IN WITNESS WHEREOF, NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY has caused this Debenture to be signed by its President or one of its Vice-Presidents by imprinting thereon the facsimile signature of such officer and a facsimile of its corporate seal to be imprinted hereon and attested by the facsimile signature of its Secretary or an Assistant Secretary.

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

Dated:

BY Henry A. Hoffmann

PRESIDENT

ATTEST: L. R. Olsen

SECRETARY

THIS IS ONE OF THE DEBENTURES DESCRIBED IN THE WITHIN MENTIONED INDENTURE.
FIDELITY-PHILADELPHIA TRUST COMPANY,
TRUSTEE.

BY

AUTHORIZED OFFICER.

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY CORPORATE SEAL 1946 DELAWARE

CE 7842

FOR VALUE RECEIVED

the undersigned sells, assigns and transfers unto

_____

_____

the within Debenture of

NATIONAL ALFALFA DEHYDRATING
AND MILLING COMPANY

and does hereby irrevocably constitute and appoint

_____ *Attorney*

to transfer the said Debenture on the books of the within-named Company, with full power of substitution in the premises.

Dated: _____

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

18 YEAR 5% DEBENTURE DUE JULY 1, 1975

PRINCIPAL PAYABLE

JULY 1, 1975

INTEREST PAYABLE

JANUARY 1 AND JULY 1

PRINCIPAL AND INTEREST PAYABLE AT THE PRINCIPAL OFFICE OF THE TRUSTEE, IN THE CITY OF PHILADELPHIA, PENNSYLVANIA

Stipulation Exhibit 14

Specimen Form of Warrant.

(155)

VOID AFTER JULY 1, 1969

No. W

TWELVE YEAR WARRANT FOR THE PURCHASE OF COMMON STOCK

_____ Shares

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

THIS CERTIFIES that the bearer is entitled to purchase at $10 per share on or before the close of business on July 1, 1969 unless extended as provided in the Indenture between the Company and Fidelity-Philadelphia Trust Company dated as of July 1, 1957 (hereinafter called the "Indenture") the number of shares indicated on the face hereof of fully paid, non-assessable shares of common stock of the par value of three dollars ($3.00) per share of National Alfalfa Dehydrating and Milling Company, a Delaware corporation (hereinafter called the "Company"), upon surrender of this Warrant to the Warrant Agent, with the subscription form on the back hereof duly executed and the payment to said Warrant Agent for the account of the Company of the full purchase price in cash for the shares hereby represented, subject to all of the terms and conditions hereof and the provisions relating to Warrants contained in a certain Trust Indenture dated as of July 1, 1957 between the Company and Fidelity-Philadelphia Trust Company, as Trustee, in which the rights of the bearer of this Warrant, and the terms and conditions upon which this Warrant is issued and may be exercised, and the restrictions on its exercise which may arise under Federal or State securities laws are more fully set forth, to all of which every bearer of this Warrant, by acceptance hereof, assents.

This Warrant is issued in conjunction with a 5% Debenture Due July 1, 1975, both issued under the Indenture, a copy of which is on file at the registered office of the Company, and at the office of the Warrant Agent of the Company. This Warrant may be presented and surrendered by its bearer to the Warrant Agent in accordance with its rules and exchanged for any number of other Warrants evidencing the right to purchase whole shares of the common stock of the Company in a total amount which does not exceed the number of shares appearing on the face hereof.

The Indenture contains certain prohibitions against issuance of Common Stock for less than the price contained in this Warrant and certain other restrictions. No fractional shares of common stock will be issued upon the exercise of this Warrant as provided in the Indenture.

The holder of this Warrant, as such, shall not be entitled to any of the rights of a stockholder and shall not be entitled to receive any notice whatsoever from the Company, the Trustee or the Warrant Agent.

This Warrant and all rights represented hereby shall pass by delivery in the same manner as a negotiable instrument payable to bearer.

This Warrant shall not be valid unless it contains the signatures or facsimile signatures of the Warrant Agent and of the Company's President or Vice President and attested by its Secretary or Assistant Secretary.

WITNESS the facsimile signatures of the proper officers of the Company and its facsimile seal.

DATED:

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

COUNTERSIGNED:
FIDELITY-PHILADELPHIA TRUST COMPANY
WARRANT AGENT

BY

SPECIMEN

AUTHORIZED OFFICER

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY CORPORATE SEAL 1946 DELAWARE

BY Henry P. Hofmann

PRESIDENT

ATTEST: Ellen

SECRETARY

DEVINNEY BLANKBOOK COMPANY

SURRENDER FOR OTHER WARRANTS

The undersigned, holder of the within Warrant, hereby surrenders and exchanges said Warrant for_____Warrants each for the purchase of_____shares.

Date_____

Signature_____

_____
STREET ADDRESS

_____
CITY STATE

SUBSCRIPTION

The undersigned, holder of the within Warrant, subscribes for the number of shares of common stock of National Alfalfa Dehydrating and Milling Company which the undersigned is entitled to purchase under the terms of the within Warrant according to the terms and conditions thereof, and herewith makes full payment of the purchase price for said shares.

Date_____

Signature_____

_____
STREET ADDRESS

_____
CITY STATE

STIPULATION EXHIBIT 15

Journal Entries Re Debentures.

(157)

THE NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

JOURNAL ENTRY

Setting up Debentures

NO. 143

DATE Aug. 6, 1957

T. NO.	ACCOUNT	DEBITS	CREDITS
69	Eighteen Year 5% Debentures		2357 95 00
71	Preferred Stock	2357 95 00	

To provide for the retirement of the 5% Cumulative Preferred Stock of the Company under the provisions of the reorganization and recapitalization plan approved at the Annual Meeting of the Stockholders of the Company held July 23, 1957.

To provide for the retirement of the 5% Cumulative Preferred Stock of the Company under the provisions of the reorganization and recapitalization plan approved at the Annual Meeting of the Stockholders of the Company held July 23, 1957.

NOTATION RE STIPULATION EXHIBIT 16

Stipulation Exhibit 16, a Ruling Letter dated May 29, 1957, from Chief, Reorganization and Dividend Branch, U.S. Treasury Department, Washington, D.C. is set forth as Exhibit B to the Petition in the Tax Court, and appears supra, *pp. 17–21. It is therefore not reprinted here.*

STIPULATION EXHIBIT 17

Letter, Dated August 14, 1959, From Francis I. DuPont & Co.

(160)

FRANCIS I. DUPONT & CO.
ROBINSON BUILDING
N. W. COR. 15th & CHESTNUT STREETS
PHILADELPHIA 2, PA.
LOCUST 3-0710

MAIN OFFICE
ONE WALL STREET
NEW YORK

MEMBERS
NEW YORK STOCK EXCHANGE
AND OTHER LEADING EXCHANGES

DU PONT BUILDING
WILMINGTON

August 14, 1959

Price Waterhouse & Co.
Attn: Mr. Robert M. Griffiths
123 South Broad Street
Philadelphia 9, Pa.

Gentlemen:

According to our records National Alfalfa Dehydrating & Milling Company Preferred stock was quoted in the Over-The-Counter market during July 1957 as listed below:

Date	Bid	Offer	
July 15	33	35	34
July 16	32	35	33.5
July 17	32	34	33
July 18	31	34	32.5
July 19	32	34	33
July 22	31	33	32
July 23	32	34	33
July 24	32	35	23'/.0
July 25	29	32	
July 26	30	33	7)35
July 29	30	33	
July 30	30	33	

I trust this is the information you wanted, if not kindly let me know.

Very truly yours,

Robert W. Drummond

RWD:p

STIPULATION EXHIBIT 18

National Monthly Stock Summary, Issue of October 1, 1957.

The National Monthly Stock Summary

ISSUE OF

October 1, 1957

Contains a summarization of Stock Market Quotations which have appeared in the NATIONAL DAILY SERVICES, or have been supplied by dealers on special lists between April 1, 1957 and October 1, 1957.

Copyright 1957 by
THE NATIONAL QUOTATION BUREAU
Incorporated
46 Front Street, New York 4, N. Y.
Tel. Whitehall 3-4200

Printed in U. S. A.

THE NATIONAL SERVICES

MONTHLY BOND SUMMARY:

A cumulative list for six months of bond market quotations which have appeared in the National Daily Quotation Services or have been supplied by dealers on special lists. Also gives original houses of issue, dealers' names, date and price of offerings and other statistical information of great value.

MONTHLY STOCK SUMMARY:

Entirely uniform with the Monthly Bond Summary but covering Stocks. Listing thousands of over-the-counter and Inactive Listed Stocks.

NATIONAL DAILY QUOTATION SERVICE:

A service sent out each night from our New York, Chicago and San Francisco offices and containing offerings and wants from the principal investment and trading houses throughout the country. Listing privilege is subject to certain restrictions which will be furnished on application.

NATIONAL QUOTATION BUREAU
Incorporated
46 Front Street, New York 4, N. Y.
Tel. WHitehall 3-4200

BOSTON OFFICE
79 Milk Street, Boston 9, Mass.
Tel. HUbbard 2-4550

CHICAGO OFFICE
173 West Madison Street, Chicago 2, Ill.
Tel. STate 2-7971

PHILADELPHIA OFFICE
Commercial Trust Bldg., Philadelphia 2, Pa.
Tel. Rittenhouse 6-8938

SAN FRANCISCO OFFICE
465 California Street, San Francisco 4, Cal.

CONTENTS OF THIS SERVICE

A summarization of stock market quotations which have appeared in the

NATIONAL DAILY SERVICES

or have been supplied by dealers on special lists.

PLEASE NOTE CAREFULLY

Where we can obtain the information we will incorporate in this Summary the following data:

PAR VALUE (Par)—Given in parenthesis after title or to indicate changes.

LISTED—The name of the city or cities, following this word indicates that the security is registered and fully listed on the Stock Exchange in said city or cities—**Listed, N.Y.** (New York Stock Exchange).

OUTSTANDING (Out.)—This is a record of the latest information we have been able to obtain as to the amount of stock outstanding. Should a large portion of this stock be controlled by any particular interest, it will be shown as follows:

NORTHERN CENTRAL RY CO.
—COM (50) Listed N Y., Phila-Balt. Transfers Fidelity-Baltimore National Bank, Balt.—Pennsylvania R R Co, N Y. Out. 623,625 shs. Div. 94-52 J & J 15.
Control—Pennsylvania R R Co. and its affiliates own approx. 76% as of Dec. 1953.

DIVIDENDS (Div.)—This information shows the annual rate with payment dates if our records show that a dividend is being paid regularly. When the rate is followed by a definite date, this shows the last record of dividend payment. When dividend is paid out of income which is guaranteed, the information will appear as follows:

NORTHERN CENTRAL RY CO.
—COM (50) Listed N Y., Phila-Balt. Transfers Fidelity-Baltimore National Bank, Balt.—Pennsylvania R R Co, N Y. Out. 623,625 shs. Div. 94-52 J & J 15.
Note—Pennsylvania R R Co guarantees rental of 8% yearly on outstanding stock.

CONVERTIBLE (Conv.)—A summary of the conversion privilege.

REDEEMABLE—A summary of the redeemable privilege.

SINKING FUND—(S.F.)—A summary of the sinking

COMPANY'S OFFICE (Office)—Principal office.

TRANSFER OFFICE (Transfers)—When transfer office is given on only one class of stock which a company may have outstanding, it may be assumed that this applies to all classes.

RANGES—The ranges for issues regularly quoted in "The National Daily Quotation Service" represent the high bids shown therein. For the less active issues the ranges represent the high bids in either the daily or monthly services. For investment trust issues the ranges in most cases are compiled from quotations supplied by the sponsors. Bids are to the first day of the month preceding publication. An asterisk (*) indicates that bids have been adjusted to show stock splits and stock dividends. Since only bid prices are used in compiling these ranges it is quite probable that transactions have taken place at higher prices. In no case have offering prices been given consideration.

PUBLIC OFFERING (Offered)—This information shows the terms on which the issue has been offered to the public and to stockholders. Securities issued in this country since 1933 are designated as "New," "Additional" or "Block issues".

NOTES—Will include all general information which we think will be of value to the subscriber, i.e., receivership, merger, control, acquired, etc.

LETTERS FOLLOWING TABULATION OF STOCK OFFERED OR WANTED, REPRESENT:

D—National Daily Quotation Service

L—Special Typewritten List

The alphabetical arrangement differs from some other books of reference in that compound titles with "&" precede names without "&", i.e., New York & Richmond precedes New York Central R.R.

Bids and offerings in this Summary are arranged with the most recent at the bottom.

The information in this service has been compiled with extreme care. It has been obtained from sources which we believe are reliable and accurate but we cannot guarantee it.

Na

NATICK TRUST CO Natick, Mass.
—CAP ($25) Oct. 6,000 shs. Div. 60% in stk in 1-52.
Capital Change—Jan. 1952 par changed from $100 to $25. Basis: 4 new shs for 1 old. Outstanding then increased to 6000 shs by 50% stock div.

Paul D Sherbine & Co Bos	5-29-57	@ 91		L
Townsend Dabney & Tyson Bos	5-29-57	@ 90		L
Dayton Haigney & Co Inc Bos	5-29-57	@ 90		L
S Weinberg & Co N Y	5-29-57	@ 90		L

NATION-WIDE SECURITIES CO INC (Md.) 1 Wall St., New York City.
—(1) Transfers Irving Trust Co, N Y., Trust Co of New Jersey N J. Out. 1,410,840 shs. Div. $1 9-27-57.
Changed—June 1942 to Corporate Shares, A 1. (3)
Note—Converted by Bullock Fund Ltd

RANGE 1945-55 20.03-12.23 1956 20.43-18.18 1957 19.23-18.07

Asiel & Co N Y	11-30-56	@ 19.61	@ 19.80	D
Smith Barney & Co Chgo	1-31-56	to date		D

NATIONAL ACCIDENT & HEALTH INSURANCE CO OF PHILADELPHIA (Pa.) 242 So. 8th St., Philadelphia, Pa.
—($10) Transfers Co office. Out. 50,000 shs Div. 10% stk 3-1-58.
Capital Change—Mar 1956 shs increased to 50,000 by 10% stk div.

H A Riecke & Co Phila	4- 5-57	@ 20		L
Hemphill Noyes & Co Phila	4-29-57	@ 20		L
Lilley & Co Phila	5-31-57	@ 22		L
Franklin & Co N Y	6-28-57	@ 20		L
S Weinberg & Co N Y	6-28-57	@ 20¼		L

NATIONAL ACME CO (Ohio) COM ($1) Listed N Y—Midwest. Out. $500,000. Div. $2-50¢ qt 8-23 extra 50¢ 8-23-57 Office 170 E 131st St., Cleve. Transfers Bankers Trust Co, N Y—Cleveland (O) Trust Co.

NATIONAL AERONAUTICAL CORP (N. J.) 189 S. Main St., Ambler, Pa.
—COM (No Par) Transfers Co office. Out. 49,257 shs. Div. 25¢ 4-30-57 25¢ 7-30-57.
New Issue—April 1952 18,445 shs. at $5 by company.

Auchincloss Parker & Redpath N Y	6- 6-57	100@ 21		D
Carl M Loeb Rhoades & Co N Y	6-17-57	@ 35		D
Tyche Securities Inc N Y	8-14-57	@ 25		D
Woodcock Hess Moyer & Calne Phila	8-23-57	@ 40		D
Laird & Co Corp Wilm	8-26-57	@ 45		D
Thayer Baker & Co Phila	8-30-57	2042 45		D
Yarnall Biddle & Co Phila	9-23-57	@ 46		D
Arthur L Wright & Co Inc Phila	9-30-57	@ 40		D

NATIONAL AGROL CO (Mich) 921 17th St., N. W. Washington D. C.
—COM ($1) Transfers Co. office. Out. 421,000 shs. (F)
Howell O Archard & Co N Y 10-29-53 1300 @ .05 D

NATIONAL AIRLINES INC (Fla) 3540 N. W. 27th Ave., Miami
—COM ($1) Listed N Y. Transfers Chase Manhattan Bank N Y. Out. 1,000,000 shs. Div. $1-25¢ qt 1-25.
Addt'l Issue—to offered holders shs (in all states in which co is qualified to offer stock) at $2.50 in July 1938.
Addt'l Issue—March 1941 50,000 shs $7.50 by Lehman Bros
Addt'l Issue—June 1944 173,333 1-3 shs at $13⅓ by Lehman Bros N Y. Reg Act of 1933 effective 6-6-44.
Block Issue—Aug 1945 20,700 shs at $23½ by Lehman Bros N Y
Addt'l Issue—Aug 1946 150,000 shs at $25¼ by Lehman Bros N Y et al Reg Act of 1933 effective 8-13-45.
Addt'l Issue—March 1949 174,000 shs sold privately at $5¼ per sh
Addt'l Issue—March 1949 10,000 shs sold privately at $5½ per sh
Addt'l Issue—April 1949 66,013 shs sold privately at $6½ per sh
Block Issue—Oct 1951 120,000 shs placed privately through Blair Rollins & Co.

NATIONAL ALFALFA DEHYDRATING & MILLING CO (Del) Lovell, Colo
—PFD 5% CUM ($50) Div. 62½¢ 3-1-53.
Exchange—July 1957 $50 of S F Deb 5s July 1975 plus 1 warrant for 1 Pfd.

Bache & Co N Y	4-15-57	200@ 26		D
Leone & Pollack N Y	4-17-57		100@ 33	D
Joseph Walker & Sons N Y	4-25-57		@ 35	D
Norton Adams & Co N Y	7- 9-57	100@ 32		D
Mitchell & Co N Y	7-10-57	@ 33		D
Hornblower & Weeks N Y	8- 5-57		@ 35	D
Lilley & Co Phila	9- 3-57	100@ 25¼	100@ 33	D
B C Christopher & Co K C	9-13-57	500@ 25½		D
W E Hutton & Co N Y	9-16-57			D
Wertheim & Co N Y	9-27-57	25	500@ 31	D
B W Pizzini & Co Inc N Y	9-27-57			
Gordon Graves & Co Inc N Y	9-30-57	@ 28	@ 31	

—COM ($3) Transfers First National City Bank N Y. Out. 775,000 shs. Div. 12¢ 9-1-57.
Block Issue—Nov 1946 586,220 shs at $3 by Stone & Webster Securities Corp, N Y, Bosworth Sullivan & Co Denver, First Boston Corp, Blyth & Co Inc, Clark Dodge & Co, Goldman Sachs

Na

		Bid	Offering	

& Co, Smith Barney & Co, White Weld & Co all of N Y, Graham Parsons & Co, Phila, Boettcher & Co Denver, et al.

Addt'l Issue—Apr 1954 62,200 shs sold privately through Paine Webber Jackson & Curtis.

Par Changed—July 1957 $1 to $3 sh for sh.

Lilley & Co Phila	6-11-57	100@ 3⅜		D

—WARRANTS—at $10 expire 7-1-65.

Birnbaum & Co N Y	8- 2-57	500@ .75		D
Sprayregen & Co N Y	8- 6-57	500@ .65		D
Swaim & Co Inc Phila	8-26-57	@ .70		D
Butcher & Sherrerd Phila	8-30-57	@ .75		D
Lilley & Co Phila	9-13-57	500@ .95		D
Mitchell & Co N Y	9-24-57	@ 1		D
Wertheim & Co N Y	9-27-57	1M@ .75		D
Investment Secs Corp Chatt	9-27-57	@ .70		D
Gerstley Sunstein & Co Phila	9-30-57	@ .90		D

NATIONAL ALUMINATE CORP (Del.) 6216 W. 66th St., Chicago

—COM ($2.50) Transfers Northern Trust Co Chgo. Out. 1,120,712 shs. Div. $1.20-30¢ qt 12-10.

Block Issue—Feb 1947 127,000 shs at $24 by Lee Higginson Corp N Y, First Boston Corp, N Y et al. Reg. Act of 1933 effective 2-26-47.

Block Issue—Dec 1952 10,000 shs sold by Blunt Ellis & Simmons.

Capital Change—April 1955 shs increased to 1,100,000 by 100% stk div.

RANGE 1947-55 $27-63⅜ 1956 57⅜-30½ 1957 41-30

Dean Witter & Co Chgo	4- 3-57			50@ 30½	D
Cruttenden Podesta & Co N Y	4-16-57	@ 33⅛			D
Cruttenden Podesta & Co Chgo	4-17-57	100@ 33			D
Woodard-Elwood & Co Minpls	4-23-57	100@ 33			D
Aetna Secs Corp N Y	5-15-57			100@ 35¼	D
Morris Cohon & Co N Y	5-16-57	@ 34⅜		@ 35½	D
Shearson Hammill & Co Chgo	5-24-57	@ 35¼			D
Shearson Hammill & Co N Y	5-24-57	@ 35¼			D
Blache & Co Chgo	7- 1-57			100@ 33½	D
S H Gibb & Co N Y	8-12-57			@ 42	D
J J FitzGerald Co N Y	9- 3-57			100@ 35½	D
Paine Webber J & C Chgo	9-18-57	100@ 35			D
Goodbody & Co Chgo	9-23-57			50@ 34	D
McMaster Hutchinson & Co Chgo	9-24-57	@ 34		@ 36	D
Sincere & Co Chgo	9-25-57	@ 34		@ 35½	D
Gardner F Dalton & Co Milw	9-30-57	@ 33		@ 35	L
Lee Higginson Corp Chgo	9-30-57	@ 33½		@ 34½	D
Lee Higginson Corp N Y	9-30-57	@ 33		@ 35	D
Swift Henke & Co Chgo	9-30-57	@ 33		@ 35	D
EastmanDillonUnSecs&Co N Y	9-30-57	@ 33		@ 35	D
EastmanDillonUnSecs&Co Chgo	9-30-57	@ 33		@ 35	D
Blunt Ellis & Simmons Chgo	9-30-57	100@ 33⅛	100@ 35		D
Doyle O'Connor & Co Inc Chgo	9-30-57	@ 33		@ 35	D

NATIONAL AMERICAN BANK OF NEW ORLEANS 200 Carondelet St., New Orleans, La.

—CAP ($100) Out. $2,000,000. Div. $2-62 qt 1-1 extra $8 1-2-57

Capital Change—March 1948 out. increased to $2,800,000 by sale of 5000 addt'l shs.

Franklin & Co N Y	8- 7-57	@375		D
Robert Garrett & Sons N Y	8-27-57		@406	D
Francis I du Pont & Co N Y	9-30-57	@375		L

NATIONAL AMERICAN INSURANCE CO. Omaha, Neb.

—($50) Transfers Co. office. Out. $1,000,000.

Eastern Secs Inc N Y	5-23-57		3@130	D
Harry O Valleau & Co Chgo	6- 6-57	@150		D
Tweedy Browne & Reilly N Y	8-23-57	@150		D
Gartman Rose & Co N Y	8-28-57	@150		D
John Douglas & Co Inc Omaha	8-30-57		33@150	D

NATIONAL APEX INDUSTRIES CORP (Ohio) 706 Citizens Bldg., Cleveland, Ohio

Formerly—National Bronze & Aluminum Foundry Co to May 1955

—COM (50 Cents) Transfers Cleveland (O.) Trust Co. Out. 198,166 shs.

Par Changed—May 1955 $1 to 50 cents sh for sh.

Capital Change—Aug 1955 shs increased by offer of 298,749 at 50 cents to holders of record 8-1-55. Basis: 1½ for 1.

Franklin & Co N Y	4-25-57	@ ⅜		L
Wm J Mericka & Co Inc Cleve	9-30-57	1M@ ⅜		L

NATIONAL AUTOMATIC TOOL CO INC (Ind.) Richmond, Ind.

—COM ($100) Transfers Co. office Out. 10,000 shs (1)

Howell O Archard & Co N Y	8-21-57	100@ 9		D

NATIONAL AUTOMOTIVE FIBRES INC (DEL) 19925 Hoover Ave., Detroit

—COM ($1) Listed N Y—S F. Transfers Guaranty Trust Co N Y. Out. 1,095,787 shs. Div. 25¢ 9-1-56.

Block Issue—Nov 1949 15,975 shs at 31⅜ by Reynolds & Co N Y.

Addt'l & Block Issue—April 1956 173,800 shs at 31⅜ by Reynolds & Co N Y, Schwabacher & Co, S F, Laurence M Marks & Co N Y, Hemphill Noyes & Co N Y, A C Allyn & Co Inc Chgo, et al. Reg. Act of 1933 effective 4-16-46.

Capital Change—Dec. 1955 shs increased to 1,095,787 by 10% stk div.

NATIONAL AVIATION CORP (N Y) 111 Broadway, New York.

STIPULATION EXHIBIT 19

Summary of Sinking Fund Activity.

(169)

NATIONAL ALFALFA DEHYDRATING & MILLING COMPANY

Summary of Sinking Fund Activity as Recorded
in Ledgers of The Fidelity Bank, Trustee
18 Year 5% Debentures Due 7/1/75

Date	Cash Deposited by Company in Sinking Fund	Bonds Deposited by Company in Sinking Fund	Bonds Purchased In Open Market or Call by Trustee	Cash From Exerc of War
1957				
1958				
1959		113 000		
1960		279 250		
1961		468 500		
1962		23 050		
1963	70 600	26 000	5 000	
1964	176 830	22 750	82 850	
1965			158 950	
1966	367 740	22 600		
1967		203 000	365 450	
1968	176 150	13 000	200 450	21 3
1969			10 100	10 0
1970				
TOTALS	791 320	1 171 150	822 800	31 3

Prepared by:

J Eric Crooks
Assistant Secretar
1/26/71

STIPULATION EXHIBIT 20

Notice of Annual Meeting of Stockholders.

(171)

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

LAMAR, COLORADO

Notice of Annual Meeting of Stockholders

TO THE HOLDERS OF COMMON STOCK AND 5% CUMULATIVE PREFERRED STOCK OF NATIONAL ALFALFA DEHYDRATIN AND MILLING COMPANY:

Notice is hereby given that the Annual Meeting of Stockholders of National Alfalfa Dehydrating and Milling Co pany, a Delaware Corporation, will be held at the office of the Company, in Lamar, Colorado, on Tuesday, July 23, 195 at 1 o'clock p.m., Mountain Standard Time, for the following purposes:

For Action by the Holders of the 5% Cumulative Preferred Stock

1. To elect four members of the Board of Directors voting as a class.

2. To transact such other business as may properly come before a meeting of the 5% Cumulative Preferred sha holders.

For Action by the Holders of the Common Stock and 5% Cumulative Preferred Stock, Each Votin as a Class

3. Voting on a resolution to

(a) Approve or disapprove a plan of reorganization whereby a $50, 5% debenture due July 1, 1975, will be issued Preferred shareholders for each share of 5%, $50 par value, Cumulative Preferred share surrendered.

(b) Approve an increase of indebtedness of the Corporation by an amount of $2,352,950 and authorize the executi of an indenture under which the Company would issue debentures in said amount to holders of Preferred Stock for surr der of said Preferred Stock. The exchange of debentures for Preferred Stock shall be on a basis of one $50, 5% debent due July 1, 1975, for each 5%, $50 par value Cumulative Preferred share surrendered.

(c) Authorize the issue of certain stock warrants in lieu of dividend arrearages on the Preferred Stock to all Pr ferred shareholders participating in exchange of their Preferred Stock for debentures of the Company, on the basis of o warrant for each $10 accumulation of dividend arrearages, which warrants shall entitle the bearer thereof to subscribe ½ share of the Common Stock of the Company at a price of $10 per share.

(d) Amend the certificate of incorporation to reflect the retirement of the Preferred Stock of the Company and chan in par value of the Common Stock from $1 per share to $3 per share, and transfer from Paid-in Surplus to Capital $1,5 000 which is an amount sufficient to reflect the change in par value of the Common Stock of the Company from $1 to per share.

4. To ratify an amendment of by-laws, adopted by the Board of Directors on February 8, 1957, increasing the nu ber of the Board of Directors from 12 to 13 members.

For Action by the Holders of Common Stock

5. To elect nine members of the Board of Directors voting as a class.

6. To transact such other business as may properly come before a meeting of shareholders.

Lamar, Colorado
June 21, 1957

By Order of the Board of Directors,
L. R. POLLOCK, *Secretary*.

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY
PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS
To Be Held July 23, 1957

This statement is furnished to stockholders in connection with the solicitation by and on behalf of the Management of National Alfalfa Dehydrating and Milling Company (the "Company") of proxies to be used at the Annual Meeting of Stockholders of the Company to be held at its office in Lamar, Colorado, on July 23, 1957, and at any adjournment or adjournments thereof, for the purposes set forth in the attached Notice of Meeting. If the enclosed form of Proxy is executed and returned, it will be voted for the nominees set forth herein. Any stockholder who executes a proxy may revoke it at any time before it is voted. However, the presence of a stockholder at the meeting does not revoke his proxy. Proxies for Common Stockholders or Preferred Stockholders, as applicable, are enclosed with this Proxy Statement. If a stockholder holds both Common and Preferred Stock, he should execute both forms of Proxy.

It is the intention of the proxy holders to vote in favor of proposals 3 and 4 as set forth in said notice.

The Company will bear the cost of solicitation of proxies. In addition to the use of the mail, proxies may be solicited personally or by telephone or telegraph, by the directors or by a few regular executives or employees of the Company at a nominal cost, and the Company may reimburse brokers and other persons holding stock in their names or in the names of their nominees, for their expenses for sending proxy soliciting material to principals.

The Company has outstanding 790,000 shares of Common Stock and 47,059 shares of 5% Cumulative Preferred Stock ("Preferred Stock") entitled to vote at the meeting. Each share of both classes of stock has one vote and each class will vote as a class on the matters concerning it, as set forth in the accompanying notice of meeting. Only stockholders of record at the close of business on June 21, 1956, may vote at the meeting.

On May 1, 1957, the persons owning of record or, to the best knowledge of the management, beneficially, more than 10% of the outstanding securities of any class of securities of the Company entitled to vote at the meeting, were as follows:

Name and Address	*Title of Class*	*Type of Ownership*	*Shares Owned*	*Per Cent of Class*
Grain Elevator Warehouse Company 927 Market Street Wilmington, Delaware	5% Cumulative Preferred Stock	Record and Beneficial	9,802	20.8
	Common Stock	Record and Beneficial	142,132	18.2
Wright J. Small 12th and Oak Streets Kansas City, Mo.	5% Cumulative Preferred Stock	Record and Beneficial	13,268	27.8
Francis I duPont & Company[a] 149 Broadway New York, N. Y.	Common Stock	Record	250,642	31.8

[a] Approximate.

[b] Francis I. duPont & Company, Investment Bankers, with whom Mr. Drummond is associated, have registered in their name the shares listed above, which they hold for the accounts of their various customers.

SECTION 1. RESPECTING THE ELECTION OF DIRECTORS

(a) To Be Elected by Common Stockholders

At the meeting, the Management proposes that the nine persons named below, whose terms expire with this meeting, be elected as directors representing the Common Stockholders, each of whom will hold office for one year or until their successors are elected and qualified. All of these persons were elected as directors of the Company at the previous Annual Meeting of Stockholders held July 24, 1956, except Clarence M. Saunders, who was elected by the Board of Directors on February 8, 1956.

For more than the past five years Mr. Saunders was president of Saunders Mills, Inc., Toledo, Ohio, whose properties were acquired by the Company. He has been a recognized leader in the industry for over 25 years. He is presently the owner of Farm Industries, Inc., Perrysburg, Ohio, which engages in farming and livestock breeding.

It is the intention of the persons named in the accompanying form of Common Stockholders' Proxy to vote such proxy for the election of the nine nominees listed below. The management does not contemplate that any of such nominees will be unable to serve as director for any reason, but if that should occur prior to the meeting, the proxy holders reserve the right to substitute another person of their choice as nominee in his place and stead.

INFORMATION ABOUT NOMINEES AND DIRECTORS TO BE ELECTED BY COMMON STOCKHOLDERS

Name of Nominee	Principal Occupation (and employment history where required to be stated)	Served Continuously as Director Since	Shares of Preferred Stock Owned Beneficially as of June 1, 1957	Shares of Common Stock Owned Beneficially as of June 1, 1957
John F. Connelly	President and Chairman of the Board, Crown Cork and Seal Company, Inc., Baltimore, Maryland (cans and closures), and Chairman of the Board, Connelly Containers, Inc., Philadelphia, Pa. (corrugated boxes).	5/15/53	None	13,450[1]
James J. Davis	Attorney at Law, Davis, Marshall & Crumlish, Philadelphia, Pa.	3/12/52	None	5,000[1]
Robert W. Drummond	Investment Banker and Broker, Francis I. duPont & Company, Philadelphia, Pa.	6/15/51	None	11,600[1]
Edgar M. Tutwiler	President, Appalachian Tire Products Company, Mt. Hope, West Virginia.	3/12/52	None	1,800
Henry A. Hofmann	President, National Alfalfa Dehydrating and Milling Co., Lamar, Colorado; President, Hofmann Industries, Inc., Sinking Spring, Pa. (tubular steel products and brooms).	7/28/53	256	14,834[1]
John R. Porter	President, Porter Oil and Gas Co., Oklahoma City, Oklahoma.	6/7/50	None	10,100[1]
Clarence M. Saunders	President, Farm Industries, Inc., Toledo, Ohio.	2/8/56	None	17,518
Louis Silverstein	President, Camden Fibre Mills, Philadelphia, Pa. (cotton linters and batting); Director, Camden Trust Co., Camden, N. J.	11/17/54	None	2,500[1]
F. N. Piasecki	President, Piasecki Aircraft Corp., Philadelphia, Pa.	7/26/55	None	100[1]

[1] The substantial reduction in holdings of these directors was occasioned by their exchange of shares for units of Grain Elevator Warehouse Company in July, 1956.

(b) To Be Elected by Preferred Stockholders

In accordance with the Charter and By-Laws of the Company, the Preferred Stockholders, voting as a class, are entitled to elect one-third of the Board of Directors while an arrearage exists thereon, which as of June 1, 1957, amounted to $10 per share.

At the meeting, the Management proposes that the four persons named below, all of whose terms expire with this meeting, be elected as directors representing the Preferred Stock, each of whom will hold office for one year or until their successors are elected and qualified. All of them are now serving on the Board of Directors, having been elected thereto at the previous Annual Meeting of Stockholders, adjourned to September 10, 1956.

It is the intention of the persons named in the accompanying form of Preferred Stockholders' Proxy to vote such proxies for the election of the four nominees listed below. The Management does not contemplate that any such nominees will be unable to serve as a director for any reason, but if that should occur prior to the meeting, the proxy holders reserve the right to substitute another person of their choice as nominee in his place and stead. In voting for directors, the holders of Preferred Stock are entitled to vote, as a class, to the exclusion of all other classes of stock.

The plan of reorganization hereinafter described upon which shareholders are being asked to vote at this meeting, if adopted, will eliminate the preferred stock and as a consequence its right to elect not more than one-third of the Board of Directors. However, it is the intention of the following named directors to continue to serve thereafter until the end of their terms or until their successors are elected.

INFORMATION ABOUT NOMINEES AND DIRECTORS TO BE ELECTED BY PREFERRED STOCKHOLDERS

Name of Nominee	Principal Occupation	Served as Director Since	Shares of Preferred Stock Owned Beneficially as of June 1, 1957	Shares of Common Stock Owned Beneficially as of June 1, 1957
R. E. Nye	Retired, Webster Groves, Missouri.	1946-52 and 9/10/56 to date	250	None
Carl M. Shinn	Attorney at Law, Lamar, Colorado.	9/10/56 to date	None	None
Cyril C. Slapnicka	Scout, Cleveland Indians Baseball Club, Cedar Rapids, Iowa.	9/10/56 to date	1,000	None
Gus Wolfe	Certified Public Accountant, Neodesha, Kansas.	7/26/55 to date	400	None

[1] The substantial reduction in holdings of these directors was occasioned by their exchange of shares for units of Grain Elevator Warehouse Company in July, 1956.

SECTION 2. REMUNERATION OF DIRECTORS AND OFFICERS

During the fiscal year ended April 30, 1957, no officer or director of the Company received in excess of $30,000 as direct aggregate remuneration. During said period, all officers and directors as a group received the sum of $87,400.12 as such remuneration. This does not include $4,800 paid to the law firm of Davis, Marshall & Crumlish, 1342 Fidelity-Philadelphia Trust Building, Philadelphia, Pa., of which James J. Davis, Vice-President and director, is a partner and as such receives a portion of the fees paid. Directors as such received no compensation during the fiscal year ended April 30, 1957.

SECTION 3. INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

Purchase of Assets of Saunders Mills, Inc.

Grain Elevator Warehouse Company, a Delaware Corporation, the holder of more than 10% of the outstanding equity securities of the Company is also the owner of 100% of the outstanding securities of Saunders Mills, Inc., an Ohio Corporation. On February 8, 1957, the Board of Directors entered into an agreement for the purchase of all of the physical assets of Saunders Mills, Inc., comprising alfalfa dehydrating plants and field equipment and related items located at Toledo, Ohio; Stand, Missouri; Steel, Missouri; Big Bend, Colorado; May Valley, Colorado; Gibbon, Nebraska; Ord, Nebraska; Jerome, Idaho; Homedale, Idaho; Calipatria, California and Calexico, California. These facilities were acquired by the Company for a consideration of $480,000 in cash and the issuance by the Company of its 5-year note in the amount of $720,000 with interest at 5% per annum. Under the terms of said note, the Company has the right to prepay any amount at any time within said period.

This acquisition added 20 dehydrating drums to the Company's production capacity which would increase the Company's capacity by approximately 50,000 tons per year. In addition thereto, it gave the Company production facilities in areas where the Company could be more competitive with other producers in the eastern markets with the concomitant saving of freight rates to those areas. Grain Elevator Warehouse Company had acquired 100% of the outstanding stock of Saunders Mills, Inc., in January, 1957, paying therefor $199,600 in cash and issuing to the former stockholders of Saunders Mills, Inc., $200,000 principal amount of its 5% Convertible Subordinated Debentures due 1976 and 23,400 shares of the common stock of National Alfalfa Dehydrating and Milling Company, which it had held in its treasury, and which had a market value on the date of acquisition of $11.25 per share.

Of the purchase price paid, Mr. Clarence M. Saunders, now a director of the company, received, as agent for himself and minor children all of said consideration except 5,400 shares National Alfalfa Dehydrating and Milling Company and $50,000 principal amount Grain Elevator Warehouse Debentures.

During the last fiscal year the following options heretofore held on the stock of National Chlorophyll and Chemical Company (now Hofmann Industries) were exercised by Henry A. Hofmann, president: 200 shares at $3 per share and George Kohler, an employee, 500 shares at $5 per share. The market value on the dates when each of these options was exercised was 4 and 3¾ respectively. There are no options outstanding on any shares of the Company or any of its affiliates, all options heretofore granted having been exercised or released.

Grain Elevator Warehouse Company, a Delaware Corporation, purchased from the company a gas storage facility located at Garden City, Kansas, for a sum of $418,000, and the issuance to the company of a warrant to purchase 100,000 shares of the common stock of that company at $1 per share. The profit to the company as reflected in the financial statements was $199,752 after provision for Federal income taxes of $105,800. The facility was then leased to the Company

and used during the fiscal year ending April 30, 1937. Rentals paid under this arrangement for the fiscal year ended April 30, 1937, were $67,814.12, the rates being based on Commodity Credit Corporation rates in existence at the time.

National Alfalfa Dehydrating and Milling Company by reason of its ownership of a warrant to purchase 100,000 shares of the common stock of Grain Elevator Warehouse Company would own approximately 45% of its equity securities and officers and directors of the Company do not, to the best of the knowledge of the management, own more than 20% thereof.

The present value of the common stock of Grain Elevator Warehouse Company in the over-the-counter market is bid 6½ asked 8.

SECTION 4. MODIFICATION OF SECURITIES

The Board of Directors of the Company on April 8, 1937, adopted a resolution proposing a reorganization of the Company's capital structure for submission to the vote of the stockholders of the Company. A vote of 66⅔% of the outstanding stock both 5% Cumulative Preferred Stock and Common Stock each voting as a class are required under the laws of the State of Delaware for approval of said plan of reorganization.

The plan would require preferred stockholders to surrender their stock for exchange on the basis of one share of preferred stock for one $30 5% Debenture Bond of the Company due July 1, 1975. These bonds would be dated as of August 1, 1937, and would bear interest semi-annually on January 1 and July 1 in each year. The bonds would be issued pursuant to an Indenture entered into by and between the Company and Fidelity-Philadelphia Trust Company, 123 South Broad Street, Philadelphia, Pennsylvania, Trustee, under said Indenture.

The 5% Cumulative Preferred stockholders in addition thereto in lieu of dividend arrears accumulated on said 5% Cumulative Preferred stock which as of July 1, 1937, amounted to $10 per share, would receive for each share of 5% Cumulative Preferred stock held one warrant evidencing their right to subscribe to one-half share of common stock of the Company at a price of $10 per share. Said warrant to expire on July 1, 1969, unless said bond issue or any part remains outstanding beyond said date in which event it shall expire when all bonds have been redeemed. The warrants may be combined with other like warrants and subscriptions will be accepted for full shares only. No fractional shares will be issued, as provided in the Indenture.

If the plan of reorganization is approved, restrictions on dividends on common stock of the Company will be governed by the Indenture and the present restrictions on dividends on common stock as set forth in the Preferred stock will be eliminated as well as all voting rights of the Preferred stock which may at present, because of the arrearage, elect not more than one-third of the Board of Directors.

The market value of the common stock on the American Stock Exchange and of the Preferred stock in the over-the-counter market was as follows:

	May 1-July 30		*July 31-Oct. 29*		*Oct. 30-Jan. 30*		*Jan. 31-April 30*		*June 12, 1937*
	High	*Low*	*High*	*Low*	*High*	*Low*	*High*	*Low*	
Preferred									
Bid	25	22	25	22	27	22	30	25	31
Ask	30	25	30	25	29	25	35	27	
Common	10⅞	9¼	10½	8¼	11⅜	8⅛	10⅞	8½	9⅛

Description of the Debentures

The Debentures are to be issued under an Indenture (The "Indenture"), dated as of July 1, 1937, between the Company and Fidelity-Philadelphia Trust Company as Trustee (The "Trustee"). A copy of the form of Indenture is filed with the Securities and Exchange Commission pursuant to the Trust Indenture Act of 1939. The following statements are summaries of certain provisions contained in the Indenture and terms defined therein are used in such statements. They do not purport to be complete statements of all the terms and provisions of the Indenture and reference is hereby made to the Indenture for full and complete statements of such terms and provisions, to all of which the following statements are subject.

The Debentures are direct obligations of the Company, but are not secured.

The Debentures are dated August 1, 1937, and are to mature July 1, 1975, and are to bear interest at the rate of 5% per annum, payable semi-annually on January 1 and July 1 in each year.

The definitive Debentures are to be issuable in registerable form without coupons in denominations of $30, $100 and $1,000 each. The principal amount of Debentures hereunder is limited to $2,352,930. The Indenture contains provisions limiting the amount of other securities which may be issued by the Company and restricting the incurring of additional debt as stated below under the sub-heading Covenants Regarding Liens, Indebtedness, etc.

Debentures in an aggregate principal amount not exceeding $2,352,950 may be executed by the Company and delivered to the Trustee for authentication and shall thereupon be authenticated and delivered by the trustee to or upon the written order of the Company in exchange for shares of 5% Cumulative Preferred Stock on a basis of one share of preferred stock for each $50 Debenture bond. There will be no proceeds from the issuance of the Debentures.

In the Indenture, the Company has covenanted to pay principal and interest without deduction for the Pennsylvania Corporate Loans Tax or any substitute therefor, up to four mills that the Company may be required to pay or retain and to reimburse the owner of any Debenture for any personal property tax, up to four mills, lawfully imposed upon and paid by such owner by reason of any present or future law of the Commonwealth of Pennsylvania or any political sub-division thereof if claim for such reimbursement is made as prescribed in the Indenture.

Subordination

The Debentures are subordinate to all bank loans for inventory purposes and obligations of the Company to suppliers of materials, services and labor incurred in the normal course of business. In addition thereto, the Debentures are subordinate to indebtedness created in a manner as set forth under the sub-heading Covenants Regarding Liens, Indebtedness, etc.

Redemption Provisions

The Debentures are redeemable at the option of the Company, as a whole or in part, from time to time, on at least 60 days published notice after July 1, 1958, and prior to July 1, 1975, at 100% of par, plus accrued interest to the date of redemption.

Sinking Fund Provisions

The Company will pay to the Trustee annually commencing ninety days after April 30, 1959, as and for a contingent sinking fund for the redemption of Debentures at 100% with interest accrued to the date fixed for redemption an amount which shall be the lesser of the sum sufficient to redeem $196,080 principal amount of Debentures or an amount equal to 100% of the consolidated net earnings for the next preceding fiscal year of the Company. The Company will accrue 100% of the net earnings of the Company commencing on May 1, 1957, and set aside such sum in order to be able to meet the sinking fund provisions. If in any year 100% of the net earnings does not equal $196,080, such deficiency will accrue against future earnings of the Company and shall be paid over to the Trustee in such future years in order that 1/12th of the entire amount of the issue shall be retired for each year subsequent to April 30, 1959.

The Company reserves the right to purchase in the open market Debentures for sinking fund purposes.

Covenants Regarding Liens, Indebtedness, Etc.

The Indenture provides that the Company will not create any lien upon any property owned directly by the Company which shall secure any other indebtedness and which shall not equally and ratably secure the Debentures except:

(a) Existing liens, mortgages, conditional sales contracts and other indebtedness on property purchased or owned at the date of this Indenture.

(b) Purchase money liens on property hereafter acquired where such liens represent no more than 60% of the fair market value or purchase price of the property as determined by the Board of Directors and the aggregate of such liens so created does not exceed $1,200,000.

(c) Liens on inventory in connection with the Company's seasonal credit maturing by its original terms in not more than 12 months from the date of the creation thereof.

(d) Renewals, extensions or replacements of any lien mentioned in the foregoing clauses (a), (b) and (c).

The Company may create funded indebtedness secured by mortgages or liens or other forms of security agreements upon its property by and with the consent of the holders of [illegible] of the Debentures at the time outstanding.

The Company covenants in the Indenture that it will not sell, transfer or lease its property as an entirety or substantially as an entirety or consolidate or merge with any other corporation unless such corporation be a wholly-owned subsidiary, or as a result thereof any of the property of the Company would become subject to any encumbrances other than any to which the property was then at once subject, unless the Company, prior thereto, shall secure the Debentures either alone or equally and ratably with any other indebtedness of the Company by a direct lien on all such property of the Company prior to all liens other than any therefore existing thereon.

Covenants Regarding Dividends

The Indenture provides that the Company will not pay dividends on any shares of stock in the Company while a default under the Indenture exists, either in the payment of interest on Debentures or in the operating of the sinking fund provisions of the Indenture.

Modification of the Indenture

With the consent of the holders of not less than 66⅔% in principal amount of the Debentures at the time outstanding, the Company and the Trustee may enter into supplementary indentures adding any provisions to, or changing or eliminating any provisions of, the Indenture, but no supplemental indenture shall (a) reduce the principal amount or extend the fixed maturity of any Debenture, or reduce the rate or extend the time of payment of interest, or reduce the percentages of Debentures, the consent of the holders of which is required to approve any supplemental indenture, without the consent of the holders of all Debentures then outstanding.

Defaults and Notice Thereof

The following are defined in the Indenture as events of default: failure to pay principal when due; failure for 30 days to pay interest or any sinking fund instalment when due; failure to perform certain covenants outlined in the Indenture for 60 days after notice; default under other indebtedness, continued beyond the period of grace; certain events in bankruptcy, insolvency, or reorganization, or the suffering of a judgment exceeding $100,000 not discharged or appealed within the period specified in the Indenture.

The Trustee is required, within stated periods after the occurrence of an event of default known to it and remaining uncured, to give to the Debenture holders notice thereof; provided, that except in the case of default in the payment of any principal of, or interest on, any of the Debentures, or, of any sinking fund instalment, the Trustee shall be protected in withholding such notice if and so long as it determines in good faith, that the withholding of such notice is in the interest of the Debenture holders.

Rights Upon Default

If an event of default shall occur, either the Trustee or the holders of not less than 20% in aggregate principal amount of outstanding Debentures may declare the principal of all Debentures due immediately, but the holders of a majority in aggregate principal amount of all outstanding Debentures may, subject to the conditions set forth in the Indenture, waive such default or defaults and rescind and annul such declaration and its consequences.

The holders of a majority in aggregate principal amount of all outstanding Debentures may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred upon the Trustee and may, on behalf of the holders of all of the Debentures, waive any past default and its consequences; provided that any default in payment of principal or interest may be waived only upon the conditions specified in the Indenture.

Satisfaction and Discharge of the Indenture

The Indenture provides that it shall terminate if (a) all Debentures not theretofore cancelled shall have been delivered to the Trustee for cancellation, or (b) when all the Debentures shall have become due, the Company shall pay the whole amount of the principal and interest due upon all the Debentures, or shall deposit with the Trustee for the payment of the Debentures the entire amount then due for principal and interest, or (c) prior to all of the Debentures having become due, the Company shall deposit with the Trustee an amount sufficient to pay or redeem all Debentures at the time outstanding and in any such event the Company shall also pay all other sums payable under the Indenture and by the Company and shall furnish the Trustee with the certificate and opinion required by the Indenture as to compliance with conditions precedent. The Indenture also provides that in such event the Trustee on demand and at the cost of the Company shall execute proper instruments acknowledging satisfaction of and discharging the Indenture.

Certificates, Opinion and Reports to Trustee

The Indenture provides that the Company will furnish to the Trustee a certificate of certain officers of the Company and an opinion of counsel as to compliance with the conditions precedent to the satisfaction and discharge of the Indenture or to any other action to be taken by the Trustee at the request of the Company.

The Indenture requires the Company to file annually with the Trustees a statement of Independent Public Accountants, who examined the financial statements of the Company and its subsidiaries, if any, as to defaults, if any, by the Company in the observance of certain of the covenants of the Indenture relating to financial and accounting matters.

The Indenture requires the Company to file with the Trustee copies of its annual reports and of the information, documents and other reports of the Company which may be required to file with the Securities and Exchange Commission pursuant to Section 13 or Section 15 (d) of the Securities Exchange Act of 1934, together with such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in the Indenture as may be required from time to time by the rules and regulations of the Commission.

Concerning the Trustee

The Fidelity-Philadelphia Trust Company is to be the Trustee under the Indenture. The Trustee has been one of the banks participating in the Company's seasonal credit line for inventory purposes.

The Indenture provides that if the Trustee acquires any conflicting interest, as defined therein, the Trustee, within 90 days after ascertaining the conflicting interest, shall either eliminate such conflicting interest or resign. The Indenture provides that the Trustee shall, prior to the occurrence of an event of default and after the curing of all events of default which have occurred, perform only such duties as are specifically set forth in the Indenture. During the existence of any event of default, the Trustee shall exercise such of the rights and powers vested in it under the Indenture, and use the same degree of skill and care in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee, in its individual capacity, may become the owner or pledgee of Debentures with the same rights it would have if it were not Trustee.

Description of Warrants

The warrants to be issued in lieu of dividend arrearage which shall be received by the holders of the 5% Cumulative Preferred Stock shall be issued by the Company and shall be transferable by the holders thereof by endorsement thereon. The warrants shall evidence the right to subscribe to one-half share of common stock of the Company at a price of $10 per share and shall be valid until July 1, 1969, or until said Debenture issue is retired in full, whichever is later.

Said warrants shall not be entitled to participate in any dividends declared or paid on the common stock of the Company nor shall said warrants be entitled to any pre-emptive right. Said warrants shall not prohibit the Company from issuing additional shares of common stock for cash or other property as may be determined by the Board of Directors and as provided in the Articles of Incorporation of the Company, provided that the price for which said common stock is issued is not less than the subscription price of stock in said warrants, in which event the subscription price therein shall be reduced to such price.

Description of Common Stock

The common stock is entitled to one vote per share upon all corporate matters including the election of directors and on liquidation of each share participates pro-rata, whether the liquidation is voluntary or involuntary in the net assets remaining after the payment of all indebtedness.

The common stock is entitled to dividends when and as declared and set aside by the Board of Directors. The common stock does not have any pre-emptive right to subscribe to any present or future issues of stock of any class and no conversion rights, nor are there any redemption or sinking fund provisions relative thereto. The common stock is issued fully paid and non-assessable and is not liable to any further calls or assessments by the Company, and has a par value of $3.00 per share.

Description of 5% Cumulative Preferred Stock

The 5% Cumulative Preferred Stock is entitled to cumulative dividends at the rate of 5% per annum, payable quarterly. No dividends can be declared or paid upon the common stock unless and until all dividends theretofore due upon the preferred stock, plus an amount sufficient to pay the next quarterly dividend to become due upon the preferred stock, has been paid or set aside, nor until the consolidated net earnings of the Company and its subsidiaries, if any, earned subsequent to May 1, 1946, is at least equal to the sum of all dividends paid in cash by the Company since its organization on any of the capital stock of the Company plus $300,000.

The preferred stock is redeemable (other than through the sinking fund), in whole or in part at any time or from time to time, if redeemed prior to December 1, 1953, at $52 per share; if redeemed thereafter but on or prior to December 1, 1953, at $51.50 per share, and if redeemed thereafter at the price of $51 per share, together, in all cases, with dividends accrued thereon to date of redemption.

The preferred stock may be redeemed through the operation of the sinking fund which redemptions are accomplished as follows: The Company is required to set aside as a sinking fund for the preferred stock a sum equal to 20% of the consolidated net earnings of the Company and its subsidiaries, for the proceeding fiscal year, such sum to be so set aside on September 1st of each year. The Company has the right to surrender to the sinking fund, shares of preferred stock acquired by it at public or private sale at the Company's cost, not, however, in excess of the then applicable redemption price above specified and take credit for such redemptions against the then sinking fund requirements. All preferred stock cancelled and redeemed in excess of the then sinking fund requirements may be used as a credit against future sinking fund payments.

As of June 1, 1957, the Company has available for future sinking fund requirements, a credit of $367,327.13 with the sinking fund trustee representing the cost of preferred stock retired in excess of sinking fund requirements. The Company has reduced its authorized capital stock to the extent of the redemption heretofore made so that as of June 1, 1957, there are outstanding 47,059 shares of 5% Cumulative Preferred Stock.

In the event of any voluntary liquidation, dissolution or winding up of the affairs of the Company, the owners of the preferred stock are entitled to receive the full par value of their shares plus the then applicable redemption premium plus all dividends accrued and unpaid to the date of redemption, but in the case of involuntary liquidation, the holders of preferred stock are entitled to receive the par value of their shares without premium plus accrued dividends to date of redemption.

Every share of stock of the Company regardless of class has equal voting rights, except in the case of the preferred stock, the consent of at least 66⅔% of the outstanding preferred stock is necessary to validate or permit an increase in the amount of preferred stock, the voluntary dissolution of the Company, any amendment which would adversely affect the rights or preferences of the preferred stock, and, with certain exceptions, the creation or assumption by the Company or any subsidiary of funded debt; funded debt being defined as any indebtedness maturing by its terms more than 12 months from the date of the original creation or which is extendable or renewable at the option of the obligor to a date more than 12 months from the date of its original creation. Furthermore, the consent of at least 50% of the outstanding preferred stock is required to validate or permit merger, sale, lease or conveyance by the Company of all or substantially all of its assets, disposition of shares of a subsidiary so that it ceases to be such, purchase of preferred stock, otherwise than on tenders, when arrearage exists in the dividends on the preferred stock. It is further to be noted that in the event dividends upon preferred stock are in arrears for six quarterly dividend payments, whether or not consecutive, then the holders of preferred stock voting as a class are entitled to elect ⅓ of the entire Board of Directors until all arrearages have been paid.

As of June 1, 1957, the arrearage on the preferred stock was $10 and therefore, the preferred stock voting as a class are entitled to elect ⅓ of the entire Board of Directors or 4 members as the Board is presently constituted, or contemplated by the by-law amendment to be voted upon at the meeting.

The preferred stock does not have any pre-emptive right to subscribe to any present or future issue of stock of the Company whether now or hereafter authorized. The preferred stock has no conversion rights. All of the preferred stock is issued full paid and non-assessable.

SECTION 5. AMENDMENT OF CHARTER AND EXCHANGE OF SECURITIES

On March 29, 1957, Wright J. Small and Grain Elevator Warehouse Company entered into an agreement under the terms of which the 5% Cumulative Preferred Stock owned by them aggregating 23,060 shares of said preferred stock and constituting in excess of 49% of the outstanding shares were deposited with the Chase Manhattan Bank, New York, N. Y. The parties thereto have agreed to vote in favor of the reorganization plan as submitted herewith.

If the plan proposed by the management for the exchange of one share of Preferred stock for one $30 5% Debenture due 1975 and a warrant to purchase one-half share of common stock is approved by the stockholders by 66⅔% of such stockholders entitled to vote at the annual meeting in each case voting as a class, the Articles of Incorporation of the Company will be amended to eliminate all those paragraphs dealing with the Preferred stock including those provisions setting forth the rights, duties, privileges, limitations and restrictions in favor of said Preferred stock and the Preferred stock shall cease to exist subject only to the right to exchange in accordance with the plan as set forth herein. The Company is advised by counsel that the statutory right of appraisal does not obtain as to dissenting stockholders, and upon approval the exchange will be binding on all stockholders. In the event that shareholders holding in the aggregate more than 5% of the Preferred stock dissent from said plan and vote in the negative at the annual meeting, the management reserves the right to reconsider said action.

In connection with the exchange as proposed herein, the Company has obtained a ruling from the Commissioner of Internal Revenue dated May 29, 1957, under the terms of which it is set forth that as to common stock being exchanged, no gain or loss will be realized by the holder thereof on such exchange, but as to Preferred stock being exchanged, gain or loss will be realized by the holder thereof based upon the market value of the securities received in exchange and that such gain will constitute capital gain or loss as the case may be.

The shareholders under Resolution No. 3 are being asked to approve in subsection (b) thereof the execution of an indenture which would create the issue of $2,352,950 of Debentures in order to effectuate the plan, in subsection (d), an amendment to the Certificate of Incorporation to reflect the retirement of the Preferred stock of the Company and the change in par value of common stock from $1.00 to $3.00 per share and the transfer from paid-in-surplus to capital of $1,500,000 to reflect the change in par value of common stock. Management is requesting these changes in order to strengthen the Company's financial position and to enhance its borrowing powers to meet its expanded needs as a result

its expansion into the eastern markets with the concomitant increase in the amount of borrowing necessary on a seasonal basis to finance its increased productive capacity.

Item 4 will increase the Board of Directors from 12 to 13 and its effect will be to permit an additional director who comes to the Company with wide experience in the industry, Mr. Clarence M. Saunders, hereinbefore named.

SECTION 6. FINANCIAL STATEMENTS

The financial statements included in the annual report enclosed herewith are incorporated by reference in this proxy statement. They consist of the balance sheet of the Company as of April 30, 1957, and related statements of Profits and Loss and Earnings for the three years then ended, all as reported on by Peat, Marwick, Mitchell & Company.

SECTION 7. OTHER MATTERS

The Management is not aware of any other matters which may come before the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons named in the accompanying form of Proxy to vote the Proxy in accordance with their best judgment on such matters.

By Order of the Board of Directors,
L. R. POLLOCK, *Secretary*.

June 21, 1957

Please Note These Corrections

ON PAGE 2

Paragraph 4, line 4, should read:

"ers of record at the close of business on June 21, *1957*, may vote at the meeting."

Under the heading, SECTION 1. RESPECTING THE ELECTION OF DIRECTORS, Paragraph 1, line 5, should read:

"rectors on February 8, *1957*."

ON PAGE 3

Under INFORMATION ABOUT NOMINEES AND DIRECTORS

Clarence M. Saunders has served continuously as Director since *2/8/57*.

STIPULATION EXHIBIT 21

Specimen Form of 5% Cumulative Preferred Stock Certificate.

No. LC 00000

_____ Shares

National Alfalfa Dehydrating and Milling Company

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE.

5% CUMULATIVE PREFERRED STOCK

THIS IS TO CERTIFY that _____

is the owner of _____ fully paid and non-assessable shares of 5% CUMULATIVE PREFERRED STOCK of the par value of $50. per share of

National Alfalfa Dehydrating and Milling Company

(hereinafter called the "Corporation"), transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this Certificate properly endorsed.

A statement of the designations, preferences and relative, participating, optional or other special rights of each class of stock and the qualifications, limitations or restrictions of such preferences and/or rights, fixed by the Certificate of Incorporation, as amended, is printed on the reverse hereof, and this Certificate and the shares represented hereby are issued and shall be held subject to all of the provisions of the Certificate of Incorporation and all certificates amendatory thereof or supplemental thereto (copies of which are on file with the Transfer Agent), to all of which the holder, by acceptance hereof, assents.

This Certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated _____

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY CORPORATE SEAL 1946 DELAWARE

S.P. Chase ex
Secretary

Henry S.P. Chase min
President

REGISTERED:
CITY BANK FARMERS TRUST COMPANY, Registrar.
By
Authorized Officer.

COUNTERSIGNED:
THE NATIONAL CITY BANK OF NEW YORK, Transfer Agent.
By
Authorized Officer.

CITY BANK FARMERS TRUST COMPANY

REGISTRAR

CORPORATE SEAL 1940 DELAWARE

[*The reverse side of the specimen certificate is omitted since the statement of designations and the powers, preferences, and rights in respect of the 5% Cumulative Preferred Stock set forth thereon is also contained in the Composite Certificate of Incorporation, Stipulation Exhibit 22,* infra.]

STIPULATION EXHIBIT 22

Composite Certificate of Incorporation.

(186)

Composite
Certificate of Incorporation

OF

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

(DELAWARE)

THE W. H. SIBLEY STAT'Y CO. LONDON

Composite

Certificate of Incorporation

OF

NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY

FIRST: The name of this corporation is NATIONAL ALFALFA DEHYDRATING AND MILLING COMPANY (hereinafter called the "Corporation").

SECOND: Its principal office in the State of Delaware is located at 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name and address of its resident agent is The Corporation Trust Company, 100 West Tenth Street, City of Wilmington, County of New Castle.

THIRD: The nature of the business, or objects or purposes to be transacted, promoted or carried on, are:

To buy, raise, acquire, handle, store, process, cure, dehydrate, mill, sell and generally deal in and with grain, flour, feed, farm produce of any and all kinds and mill and other products that may be related to the production of, or may be manufactured from or used in connection with, farm produce of any and all kinds; to manufacture and sell any and all products that may, in whole or in part, be manufactured from or used in connection with grains or other farm produce of any kind; to do a general milling, processing and manufacturing business in grains and other farm produce; to manufacture, produce, buy, sell, distribute and generally deal in food, forage, cereal products and the ingredients of any thereof; to acquire, build, buy, sell, lease, own and operate mills, processing plants, elevators, storage bins, cribs, warehouses and other storage properties, machinery, apparatus, equipment, devices and appliances of every kind and description, and all parts, supplies and accessories therefor.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 819,369 shares, of which 56,369 shares are to be 5% Cumulative Preferred Stock of the par value of $50 per share, and 763,000 shares are to be Common Stock of the par value of $1 per share.

The minimum amount of capital with which the Corporation will commence business will be $1,000.

The following is a statement of the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, in respect of the classes of stock of the Corporation.

5% CUMULATIVE PREFERRED STOCK

Dividends

1. The holders of the 5% Cumulative Preferred Stock (sometimes referred to herein as the "Preferred Stock") shall be entitled to receive, if, when and as declared by the Board of Directors out of any funds legally available for the declaration of dividends, cumulative, preferential cash dividends at the rate of 4½% per annum on the par value thereof, and no more, to September 1, 1946, and thereafter at the rate of 5% per annum on the par value thereof, and no more, in each case, payable quarterly on the 1st days of March, June, September and December in each year, commencing September 1, 1946. Such dividends on shares of Preferred Stock shall be cumulative from and including June 1, 1946.

The term "dividends accrued", whenever used herein with reference to any shares of the Preferred Stock, shall be deemed to mean an amount computed at the rate of 4½% per annum on the par value thereof from and including June 1, 1946 to September 1, 1946, and at the rate of 5% per annum on the par value thereof from and including September 1, 1946 to the date to which dividends are stated to be accrued thereon less the aggregate of the dividends theretofore and on such date paid thereon. Shares of Preferred Stock at any time owned by the Corporation shall, for the purposes of this definition, be deemed to have received the dividends paid on all outstanding shares of Preferred Stock which were not so owned at the time as of which stockholders entitled to such dividends were determined.

2. (a) So long as any of the Preferred Stock shall be outstanding, no dividend whatsoever, whether in cash, stock or otherwise, shall be paid or declared, nor shall any distribution be made on the Common Stock or on shares of any other class of stock of the Corporation not ranking prior to or on a parity with the Preferred Stock, nor shall any shares of such subordinate stock be purchased, redeemed or otherwise acquired for a valuable consideration by the Corporation or any of its subsidiaries, nor shall any moneys be paid to or set aside or made available for a sinking fund for the purchase or redemption of any such subordinate stock unless

(i) all dividends on the Preferred Stock for all past quarterly dividend payment dates shall have been paid and the full dividends for the next quarterly dividend payment date shall have been paid, or declared and a sum sufficient for the payment thereof set apart; and

(ii) all amounts then or theretofore required to be set aside as and for the sinking fund for the Preferred Stock shall have been set aside and all defaults, if any, in complying with such sinking fund requirements in respect of previous years shall have been made good.

(b) So long as any of the Preferred Stock shall be outstanding, no dividend (other than a dividend payable in shares of stock of the Corporation of a class not ranking prior to or on a parity with the Preferred Stock) shall be paid or declared, nor shall any distribution be made on the Common Stock or on the shares of any other class of stock of the Corporation not ranking prior to or on a parity with the Preferred Stock, nor shall any shares of such subordinate stock be purchased, redeemed or otherwise acquired for a valuable consideration by the Corporation or any of its subsidiaries, nor shall any moneys be paid to or set aside or made available for a sinking fund for the purchase or redemption of any such subordinate stock unless, after giving effect to such action, the consolidated net earnings of the Corporation and its subsidiaries, computed as hereinafter in this subdivision provided, earned subsequent to May 1, 1946 shall be at least equal to the sum of clauses (i), (ii) and (iii), as follows:

(i) the aggregate of all dividends (other than dividends

payable in shares of stock of the Corporation of a class not ranking prior to or on a parity with the Preferred Stock) paid or declared and all distributions made by the Corporation in respect of stock of any class of the Corporation at any time after the date of its incorporation, including all amounts paid in respect of or as dividends accrued, directly or indirectly, whether on redemption of any shares of stock of the Corporation or through the operation of any sinking fund or otherwise;

(ii) the excess of (x) the aggregate of all amounts expended by the Corporation or any of its subsidiaries for the purpose of purchasing, redeeming or otherwise acquiring shares of stock of the Corporation of any class not ranking prior to or on a parity with the Preferred Stock, and all amounts paid to or set aside or made available for a sinking fund for the purchase or redemption of any such subordinate stock over (y) the net cash proceeds received by the Corporation from the issue or sale, subsequent to June 1, 1946, of shares of stock of the Corporation of any class not ranking prior to or on a parity with the Preferred Stock (exclusive of any such subordinate shares which may be issued on the exercise of any warrants pursuant to subdivision II hereof or on the conversion of shares of stock of any class ranking prior to or on a parity with the Preferred Stock); and

(iii) an amount equal to the lesser of $300,000 or the amount calculated at the rate of $200,000 per annum from May 1, 1946 to the date as of which such calculation is being made.

As used in this subdivision, the term "consolidated net earnings" shall mean the balance remaining after deducting from the consolidated earnings and other income and profits of the Corporation and its subsidiaries all expenses and charges of every proper character, including interest, amortization of debt discount and expense, taxes, reasonable provision for depreciation, amounts appropriated under any plan of the Corporation or any subsidiary for extra compensation for, or pension of, officers and employees, provision for net profits applicable to minority interests in subsidiaries and proper reserves determined in good faith by the Board of Directors of the Corporation in its discretion, all based upon a statement of income and profit and loss consolidating the accounts of the Cor-

poration and its subsidiaries prepared in accordance with generally accepted principles of accounting, provided, however, that in computing consolidated net earnings, (i) losses from the abandonment or writing off of any assets or profits or losses from the sale of capital assets (including securities of other corporations) shall be disregarded, (ii) adjustments of earnings of any previous period charged or credited to surplus account of the Corporation or any subsidiary shall be excluded, (iii) write-downs or write-ups of capital assets (including securities of other corporations) shall be disregarded, and (iv) no deduction shall be made in respect of dividends declared or paid on any class of stock of the Corporation.

Redemption Other Than Through Sinking Fund.

3. (a) The Corporation may, at its option (which may be exercised upon authorization by the Board of Directors), redeem the Preferred Stock at the time outstanding, as a whole at any time, or in part from time to time, by giving notice as herein provided and by paying or providing for the payment in cash of the following redemption prices per share: if redeemed on or prior to December 1, 1949, $53; if redeemed thereafter but on or prior to December 1, 1951, $52.50; if redeemed thereafter but on or prior to December 1, 1953, $52; if redeemed thereafter but on or prior to December 1, 1955, $51.50; and if redeemed thereafter, $51; plus in each case dividends accrued thereon to the date fixed for such redemption. In case of the redemption of only part of the Preferred Stock at the time outstanding, the shares to be redeemed shall be selected pro rata or by lot or in such other manner as the Board of Directors may determine. Subject to the provisions and limitations herein contained, the Board of Directors shall have full power and authority to prescribe the manner in which, and the terms and conditions upon which, such stock shall be redeemed from time to time.

(b) Notice of every such redemption of Preferred Stock shall be mailed to the holders of record of the shares of Preferred Stock to be redeemed at their last known post-office addresses, as shown by the records of the Corporation, and shall be so mailed at least 30 days and not more than 60 days prior to the date fixed for redemption.

(c) If notice of redemption shall have been duly mailed as above provided, and if on or before the redemption date designated in such notice the funds necessary for such redemption shall have been set aside so as to be and continue to be available therefor, then notwithstanding that any certificate of such Preferred Stock so called for redemption shall not have been surrendered for cancellation, the dividends thereon shall cease to accrue from and after the date of redemption so designated and all rights with respect to such Preferred Stock so called for redemption shall forthwith on such redemption date cease and determine, except only the right of the holder to receive the redemption price therefor plus all dividends accrued thereon to the date fixed for redemption, but without interest; or if notice of redemption of any of such Preferred Stock shall have been duly mailed as above provided, and if on or before the redemption date designated in such notice the Corporation shall deposit, with any bank or trust company either in The City of New York, State of New York, or in the City of Denver, State of Colorado, and having a capital and undivided surplus aggregating at least $2,000,000 and named in such notice, funds sufficient to redeem such Preferred Stock upon the date designated in the notice of redemption, in trust to be applied to the redemption of the Preferred Stock so called for redemption, then forthwith on the date of such deposit all rights of the holders of the Preferred Stock so called for redemption, as stockholders of the Corporation, shall cease and determine, except only the right to receive the moneys so deposited, but without interest. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so set aside or deposited, as the case may be, and unclaimed at the end of 6 years from such redemption date, shall be released and repaid to the Corporation, and any holder of shares of Preferred Stock so called for redemption who shall not have received the redemption price for such shares, with the dividends accrued thereon, prior to such release and repayment shall, as of such date of release and repayment, have only a general claim against the Corporation as an unsecured creditor for the redemption price and dividends accrued to the date fixed for redemption.

Sinking Fund.

4. (a) Commencing with the year 1947, there shall be a sink-

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ing fund for the benefit of the shares of the Preferred Stock, and shares of Preferred Stock shall be subject to redemption through the operation of such sinking fund as hereinafter provided. So long as there shall remain outstanding any Preferred Stock, the Corporation shall set aside on or before September 1, 1947, as and for the sinking fund for the then current year an amount in cash equal to 10% of the consolidated net earnings of the Corporation and its subsidiaries from the date of its incorporation to the end of the fiscal year preceding September 1, 1947, and shall set aside on or before September 1, 1948, and annually thereafter on or before each September 1, as and for the sinking fund for the then current year, an amount in cash equal to 20% of the consolidated net earnings of the Corporation and its subsidiaries for the fiscal year next preceding such September 1. Consolidated net earnings of the Corporation and its subsidiaries shall be computed as hereinabove provided in subdivision 2, except that for the purposes of calculations under this subdivision, there shall also be deducted dividends declared or paid on the Preferred Stock. Amounts set aside for the sinking fund shall be deposited in a separate bank account, in trust, for the uses and purposes of the sinking fund as herein provided. So long as dividends on the Preferred Stock for any past quarterly dividend payment date shall not have been fully paid or declared and a sum sufficient for the payment thereof set apart, the date for the setting aside of any annual amounts for such sinking fund as aforesaid may be postponed until all such dividends in arrears shall have been paid or declared and a sum sufficient for the payment thereof set aside, and no such annual amounts need be set aside for such sinking fund while such arrears shall exist.

In addition to the amounts to be set aside annually as aforesaid, all amounts received in cash by the Corporation upon the exercise of any warrant pursuant to subdivision 11 hereof shall forthwith be set aside as an additional payment to the sinking fund and be deposited and applied as hereinafter provided.

(b) If the Corporation shall have acquired any shares of Preferred Stock which are not required to be cancelled, the Corporation shall then be entitled to a credit on account of the then current or any future annual Preferred Stock sinking fund requirement equal to the cost to the Corporation of the shares for which credit is so

taken, including the usual and customary brokerage commissions paid in connection with the purchase thereof, but not exceeding the redemption price (exclusive of dividends accrued) applicable for the redemption of Preferred Stock through the operation of the sinking fund on the sinking fund payment date for which such credit is taken, plus such usual and customary brokerage commissions.

(c) Except as hereinafter in this paragraph (c) provided, any moneys set aside for the sinking fund, as hereinabove required, may be applied from time to time by the Corporation to the redemption of Preferred Stock at the following redemption prices per share (hereinafter sometimes called "sinking fund redemption prices"): if redeemed on or prior to December 1, 1953, $52; if redeemed thereafter but on or prior to December 1, 1955, $51.50; and if redeemed thereafter, $51, plus dividends accrued thereon to the date fixed for redemption. Such moneys may likewise be applied to the purchase, directly or through agents, of Preferred Stock in the open market or at public or private sale, without advertisement or notice, as the Board of Directors shall in its discretion determine at prices not exceeding the then applicable sinking fund redemption price plus dividends accrued thereon and plus the usual and customary brokerage commissions payable in connection with such purchase. If on the 45th day prior to any December 1 there shall remain in the sinking fund for such stock an amount exceeding $25,000, then the Corporation shall promptly select and call for redemption on such December 1 at the then applicable sinking fund redemption price plus dividends accrued thereon to the date fixed for such redemption, such number of shares of Preferred Stock as is necessary to exhaust as nearly as may be all of said moneys. The selection of shares for redemption and the redeeming of any shares of Preferred Stock pursuant to this paragraph shall be made in the manner provided for the redemption of Preferred Stock pursuant to subdivision 3 hereof, but at the sinking fund redemption price then applicable. Anything herein to the contrary notwithstanding, no purchase or redemption of shares of Preferred Stock with any moneys set aside for such sinking fund shall be made or ordered unless full cumulative dividends for all past quarterly dividend payment dates have been paid, or declared and a

sum sufficient for the payment thereof set aside, upon all shares of Preferred Stock then outstanding, except to the extent that any such purchase may be made, as provided in paragraph 9(f) hereof, upon consent of the holders of 50% of the Preferred Stock at the time outstanding or upon request for tenders not requiring any such consent. When no shares of Preferred Stock shall remain outstanding any balance remaining in such sinking fund shall be and become part of, and may be transferred to, the general funds of the Corporation.

Retirement of Shares

5. Shares of Preferred Stock redeemed at the option of the Corporation or purchased or redeemed pursuant to any obligation of the Corporation to purchase or redeem shares through the sinking fund for the Preferred Stock or used as a credit for such sinking fund or surrendered in exchange for Common Stock of the Corporation upon the exercise of any warrant pursuant to subdivision 11 hereof shall not be reissued but shall be cancelled and the authorized capital stock of the Corporation reduced in the manner permitted by law; provided that the Corporation shall not be required more than once in each calendar year to take any proceedings to reduce its authorized capital stock or to take such proceedings at any time when the total number of shares so redeemed or purchased or used as a credit or received on such exchange, with respect to which no proceedings shall have theretofore been taken, shall be less than 500.

Liquidation

6. In the event of any voluntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of the Preferred Stock shall be entitled to be paid an amount equal to the redemption price then current for the redemption of Preferred Stock at the option of the Corporation, as provided in subdivision 3 hereof, and in the event of an involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of the Preferred Stock shall be entitled to be paid an amount equal to $50 per share, together in each case with dividends accrued thereon to the date fixed for the payment of any such amount, and no more, before any distribution or payment shall be made to the holders of stock of any class not ranking prior to or on a parity with the

Preferred Stock. After payment to the holders of the Preferred Stock of the amounts to which they are entitled as aforesaid, the balance, if any, shall be paid to the holders of stock subordinate to the Preferred Stock according to their respective rights. In case the net assets of the Corporation are insufficient to pay to holders of all outstanding shares of Preferred Stock and to holders of any stock ranking on a parity with the Preferred Stock the full amount to which they are respectively entitled, the entire net assets of the Corporation remaining after providing for any stock which may rank prior to the Preferred Stock shall be distributed ratably to the holders of all outstanding shares of Preferred Stock and the holders of any stock ranking on a parity with the Preferred Stock in proportion to the full amounts to which they respectively are entitled. The consolidation or merger of the Corporation with or into any other corporation or corporations in pursuance of the applicable statutes providing for consolidation or merger shall not be deemed a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of any of the provisions of this subdivision.

Voting

7. In addition to the voting rights provided for hereinafter in subdivision 15 hereof, the holders of the Preferred Stock shall have the voting rights provided for in subdivisions 8, 9 and 10 hereof.

8. So long as any shares of Preferred Stock are outstanding, the consent of the holders of at least 66-2/3% of the shares of Preferred Stock at the time outstanding, given in person or by proxy either in writing or at a meeting called for that purpose, shall be necessary to effectuate or validate the action of the Corporation in doing or in authorizing or permitting any subsidiary to do, as the case may be, any one or more of the following:

(a) the increase in the authorized amount of Preferred Stock or the authorization or creation of any class of stock of the Corporation ranking on a parity with or prior to the Preferred Stock (whether through the amendment of the rights of an existing class of stock or otherwise) or any increase in the authorized amount of any class of stock of the Corporation ranking on a parity with or prior to the Preferred Stock, or the

authorization or creation of any class of stock of the Corporation or the increase of the authorized amount of such stock or the creation of any obligation which in each of such cases is convertible into or evidences the right to purchase any stock of the Corporation of any class ranking on a parity with or prior to the Preferred Stock;

(b) the voluntary dissolution, liquidation or winding up of the Corporation;

(c) any amendment, alteration or repeal of any of the provisions of the Certificate of Incorporation which would adversely affect the rights or preferences of the Preferred Stock or the holders thereof; or

(d) the creation, issue and sale or assumption by the Corporation or any subsidiary of any funded debt or the giving by the Corporation or any subsidiary of any guarantee or similar obligation for the payment of funded debt; provided, however, that this paragraph (d) shall not apply to

(i) any funded debt issued or sold, or guarantee given, by any subsidiary to the Corporation, but the Corporation shall not, without like vote, dispose of such funded debt or guarantee unless prior thereto, or simultaneously therewith, all stock of such subsidiary owned by the Corporation or any other subsidiary and all other indebtedness of such subsidiary owing to the Corporation or another subsidiary is sold or disposed of;

(ii) any funded debt incurred for the purpose of extending, renewing or refunding any funded debt of the Corporation or a subsidiary in a principal amount not more than the then principal amount of the funded debt so extended, renewed or refunded; or

(iii) any funded debt incurred by the Corporation or any subsidiary in part payment of the cost of the acquisition of any additional property acquired after May 22, 1946, which, if secured, shall be secured by mortgage or lien only on such additional property, or any funded debt secured by mortgage or other lien existing at the time of acquisition on additional property acquired after said date if such mortgage or lien is

such that it does not become a lien on any other property of the Corporation or any subsidiary; but only in every such case if (x) the aggregate amount of the funded debt so incurred or so secured by mortgage or lien on any additional property in any particular instance shall not at the time of acquisition of such property by the Corporation or such subsidiary exceed 60% of the cost (which shall be deemed to include the amount of all indebtedness secured by liens, including existing liens on such property) of such property to the Corporation or such subsidiary, or 60% of the fair market value thereof (disregarding all indebtedness secured by liens on such property), whichever shall be less, at the time of the acquisition thereof by the Corporation or such subsidiary, and the determination by the Board of Directors of the Corporation of such fair market value shall, in the absence of fraud, be conclusive, and (y) the aggregate of the funded debt at the time outstanding and incurred in connection with the acquisition of, or secured by mortgage or lien existing on, all such additional property shall not exceed $1,200,000 in aggregate principal amount.

9. So long as any shares of Preferred Stock are outstanding, the consent of the holders of at least 50% of the shares of Preferred Stock at the time outstanding, given in person or by proxy either in writing or at a meeting called for that purpose, shall be necessary to effectuate or validate the action of the Corporation in doing, or in authorizing or permitting any subsidiary to do, as the case may be, any one or more of the following:

(a) the sale, lease, conveyance or other voluntary parting with control by the Corporation of all or substantially all of its assets, unless prior thereto all Preferred Stock has been or, simultaneously with the consummation of such transaction, is to be retired;

(b) the merger or consolidation of the Corporation into or with any other corporation or the merger of any other corporation into the Corporation unless the corporation resulting from such merger or consolidation will have, after such merger or consolidation, no class of stock and no other securities either authorized or outstanding ranking prior to or on a parity with

the Preferred Stock or convertible into or evidencing the right to purchase stock of any class ranking on a parity with or prior to the Preferred Stock, except the same number of shares of stock and the same amount of other securities with the same rights and preferences as the stock and securities of the Corporation, respectively, authorized and outstanding immediately preceding such merger or consolidation, and unless each person holding Preferred Stock immediately preceding such merger or consolidation shall, upon such merger or consolidation, receive the same number of shares with the same rights and preferences of the resulting corporation;

(c) the sale or other disposition, directly or indirectly (except to the Corporation), of shares of a subsidiary whereby such subsidiary shall cease to be a subsidiary of the Corporation; provided, however, that this provision shall not apply if by such sale or other disposition all shares of every class of such subsidiary owned by the Corporation or by any other subsidiary and all indebtedness of such subsidiary owing to the Corporation or any other subsidiary shall be disposed of;

(d) the merger or consolidation of any subsidiary into or with any other corporation or the merger of any other corporation into a subsidiary, unless in any of such cases such other corporation be the Corporation and such merger or consolidation may be made under paragraph (b) above without a vote of the holders of the Preferred Stock voting as a class;

(e) the creation, authorization or issue by any subsidiary of any stock ranking prior to the common stock of such subsidiary or of any stock or other security convertible into or exchangeable for shares of stock of any class ranking prior to such common stock; provided, however, that this provision shall not prevent the creation by any subsidiary of any such prior stock or convertible stock or other security for issuance, and the issuance or sale thereof, to the Corporation; but in any such event the Corporation shall not, without like vote, sell or dispose of such prior stock or convertible stock or other security unless prior thereto or simultaneously therewith all other stock of such subsidiary owned by the Corporation or any other subsidiary and all indebtedness of such subsidiary owing to the Corporation or

any other subsidiary is sold or disposed of; or

(f) purchase, redeem or otherwise acquire for a valuable consideration any shares of the Preferred Stock at a time when dividends on the Preferred Stock for all past dividend payment dates shall not have been fully paid, or declared and a sum sufficient for the payment thereof set apart; provided, however, that the Corporation may, nevertheless, without such consent of the holders of the Preferred Stock, purchase shares of Preferred Stock at any such time if it shall have (i) given the holders of all of the Preferred Stock then outstanding notice in writing addressed to them at their respective addresses appearing on the books of the Corporation of its desire to purchase shares of Preferred Stock and the amount of cash available for such purchase, and in such notice shall have requested tenders of Preferred Stock for sale to the Corporation on a date specified in such notice, which shall be at least 30 days after the date of mailing such notice, and (ii) purchased such shares pursuant to such tenders at prices not exceeding the price applicable for the redemption of Preferred Stock on such date pursuant to subdivision 3 hereof, unless the cash to be applied to such purchase constitutes sinking fund moneys, then at prices not exceeding the price then applicable for the redemption of Preferred Stock pursuant to subdivision 4 hereof, and (iii) purchased such shares in the order of the prices at which the same were offered to the Corporation pursuant to such request for tenders as aforesaid, commencing with the shares tendered at the lowest price, except that, if several acceptable tenders at the same price shall have been received, the Corporation may make a ratable acceptance thereof or may select one or more of said tenders for acceptance in whole or in part as it shall elect. This provision permitting the Corporation to purchase shares of Preferred Stock as aforesaid shall not be deemed to require it to accept any or all of the shares tendered as aforesaid, but merely to require that any shares of Preferred Stock purchased on the existence of a default in the payment of dividends on the Preferred Stock as aforesaid shall be purchased only upon consent or through tenders as above provided. The provisions of this paragraph shall not in any way restrict the right

of any holder of Preferred Stock to surrender, or the Corporation to receive, shares of Preferred Stock in exchange for shares of Common Stock upon the exercise of warrants pursuant to subdivision 11 hereof.

10. If at any time dividends upon the Preferred Stock shall be in arrears and such arrears shall aggregate an amount at least equal to 6 quarterly dividend payments, which need not be consecutive, then and in every such case, until all arrears in payment of the quarterly dividends on the Preferred Stock shall have been paid and the dividends thereon for the current quarter shall have been declared and funds for the payment thereof set aside, the holders of shares of Preferred Stock present in person or by proxy, voting as a class, shall be entitled at all elections of the Board of Directors by stockholders to elect such number of directors of the Corporation as shall constitute the largest number not more than one-third of the entire Board of Directors; and the holders of all other classes of stock entitled to vote in person or by proxy, voting as a class, shall be entitled to elect the remaining directors. Whenever by reason of the resignation, death or removal of any director or directors or any increase in the number of directors the number of directors in office who have been elected by the holders of stock voting as a class shall become less than the total number then subject to election by such class, the vacancy or vacancies so resulting may be filled by the affirmative vote of the director or directors at the time in office who were elected by the vote of such class, although less than a quorum.

Warrants for Acquisition of Common Stock

11. (a) Each holder of shares of Preferred Stock issued and outstanding on November 16, 1946, shall be entitled to receive a new certificate for such shares together with a warrant or warrants entitling such holder to obtain at any time on or prior to (but not after) December 1, 1950, upon the terms and conditions hereinafter and in said warrants provided, 2 shares of Common Stock of the Corporation, of the par value of $1 per share, for each such share of Preferred Stock of the Corporation held on November 16, 1946, such number of shares of Common Stock being subject to adjustment as hereinafter provided. Such warrants shall be in such form, specify such requirements for the exercise of the rights there-

under and contain such other provisions, not inconsistent with the provisions hereof, as may be determined by the Board of Directors of the Corporation. The holder of each such warrant may acquire all or part of the shares of Common Stock obtainable thereunder upon payment of the warrant price of $10 for each share of Common Stock acquired pursuant thereto in cash and/or by the surrender of a certificate or certificates for shares of Preferred Stock, so that the cash paid and the par value of the shares of Preferred Stock represented by the certificate or certificates so surrendered shall in the aggregate at least equal the aggregate warrant price for the share or shares of Common Stock to be so acquired, such warrant price being subject to adjustment as hereinafter provided. To the extent that shares of Preferred Stock are surrendered in payment of the warrant price and shares of Common Stock are issued on the basis of such surrender, the surrender and the issuance of such shares shall be deemed conclusively to be an exchange of stock of the Corporation, and upon any such exchange of stock, the capital of the Corporation shall remain unchanged. Any shares of Preferred Stock received upon any such exchange shall be cancelled and retired as provided in subdivision 5 hereof, and any cash received in payment of the warrant price upon the exercise of warrants shall be set aside as additional payments to the sinking fund as provided in subdivision 4 hereof. In the event that the holder of any warrant shall elect to exercise such warrant, in whole or in part, such warrant (accompanied by the certificate for the shares of Preferred Stock to which it shall appertain if such warrant is at the time non-detachable) shall be surrendered to the Corporation for such purpose at the office of any agent of the Corporation for the warrants (hereinafter sometimes called "warrant agent"), or if there be no such warrant agent, at the principal office of the Corporation, together with the cash and certificate or certificates for Preferred Stock, if any, at least equal to the warrant price as aforesaid; and the holder electing so to exercise such warrant shall comply with all of the terms and provisions of such warrant and regulations (not inconsistent with the provisions hereof) of the Corporation and such warrant agent. The Corporation shall thereupon issue and deliver a certificate or certificates for the number of shares of Common Stock in respect of which such

warrant shall have been exercised and such shares shall be fully paid and non-assessable. The Corporation will pay any and all original issue taxes required in connection with the issue of shares of Common Stock upon the exercise of any warrant.

(b) Prior to July 1, 1947, the warrants shall be non-detachable and may be exercised only by the holders of the shares of Preferred Stock represented by the certificates to which such warrants appertain, except that if any shares of Preferred Stock are called for redemption prior to July 1, 1947, the warrants issued in respect of such shares shall become detachable on the day preceding the date fixed for the redemption thereof, or at any time after the deposit of funds sufficient to provide for such redemption as provided in paragraph 3(c) hereof. On and after July 1, 1947, the warrants may, at the option of the holder thereof, be detached from the certificate for the shares of Preferred Stock to which they appertain. Any warrant which is detachable as aforesaid may be transferred separately and apart from a certificate for the shares of Preferred Stock. If there shall be surrendered to the Corporation or any transfer agent thereof a certificate for shares of Preferred Stock having attached thereto a warrant which is then non-detachable and a new certificate is required to be issued for any of the shares of Preferred Stock represented by such surrendered certificate, such new certificate shall have attached thereto a warrant entitling such holder to the same rights in respect of the acquisition of shares of Common Stock as remained unexercised on the warrant so surrendered; and if any warrant shall be exercised only in part, the holder thereof shall be entitled to receive a new warrant for the unexercised portion thereof. Upon the exercise of any warrant, in whole or in part, or upon the surrender to the Corporation or any transfer agent for the Preferred Stock of a certificate for Preferred Stock having attached thereto a warrant which shall then have expired, such exercised or expired warrant shall be detached and cancelled, and a new certificate for the shares of Preferred Stock evidenced by the certificate attached to such warrant (to the extent that such shares shall not have been exchanged for shares of Common Stock upon the exercise of such warrant) shall be executed and delivered to the registered holder thereof, but such new certificate shall not have attached thereto

any warrant, except to the extent that the warrant surrendered had not been exercised and had not expired.

(c) Certain terms used herein are hereby defined as follows:

(i) The term "basic warrant price" shall mean the warrant price per share stated on the face of the warrants.

(ii) The term "warrant price" shall mean the basic warrant price or the adjusted warrant price, adjusted as hereinafter provided, whichever may be in effect at the time.

(iii) The term "number of shares obtainable pursuant to any warrant" shall mean the number of shares of Common Stock of the Corporation stated on the face of such warrant as obtainable thereunder, or the adjusted number of such shares adjusted as hereinafter provided, whichever may be in effect at the time.

(iv) The term "basic shares" shall mean 643,000 shares, or such other number of shares as shall be the number of shares of Common Stock then outstanding as a result of changes into different numbers of shares of, or the payment of stock dividends on, the 643,000 shares of Common Stock, outstanding at the time of the first issuance of any warrants, or the shares resulting from such changes or dividends.

(v) The term "additional shares" shall mean all shares issued or deemed to be issued as hereinafter provided, other than the shares of Common Stock referred to in clause (iv) above and shares issued upon the exercise of any warrant.

(d) For the protection of the privilege of obtaining stock pursuant to this subdivision 11 and any warrant, the following rights, restrictions and obligations shall apply:

(i) In case the Corporation at any time during the life of the warrants shall issue any additional shares of Common Stock for a consideration per share less than the warrant price in effect immediately prior to the time of such issue, then forthwith upon such issue, such warrant price shall be reduced to a price which shall constitute the adjusted warrant price and shall be computed as follows: (x) the sum of the basic shares above mentioned and the number of any additional shares of Common Stock issued or deemed to have been issued at

a price or prices equal to or greater than the warrant price in effect immediately prior to the time of the issue thereof shall be multiplied by the warrant price in effect immediately prior to the time of the issue of additional Common Stock then being made, (y) the proceeds of the issue of the number of additional shares of Common Stock issued or deemed to have been issued at a price or prices less than the warrant price in effect immediately prior to the time of the issue thereof for which no adjustment of the warrant price has theretofore been effected shall be ascertained, (z) the sum of the product arrived at as provided in the foregoing clause (x) and the proceeds of the issue of Common Stock ascertained as provided in the foregoing clause (y) shall be divided by the total number of basic and additional shares of Common Stock referred to in said clauses (x) and (y), and the quotient calculated to the nearest cent shall be the adjusted warrant price and such adjusted warrant price shall be the price per share of Common Stock to be paid, in cash or by the exchange of Preferred Stock as aforesaid, upon the exercise of any warrant until a subsequent adjustment thereof. In no event shall the warrant price be increased by any such redetermination. The number of shares of Common Stock issued and outstanding at any time shall include all shares of such stock issuable in respect of scrip certificates, if any, outstanding, representing fractional interests in respect of the Common Stock of the Corporation.

(ii) The number of shares of Common Stock obtainable pursuant to any warrant after any adjustment of the warrant price pursuant to clause (i) of this paragraph (d) shall be determined by multiplying the number of shares obtainable pursuant to such warrant immediately prior to such adjustment by the warrant price in effect immediately prior to such adjustment, and dividing the product by the warrant price in effect immediately after such adjustment.

(iii) In case the Corporation during the life of the warrants shall issue or sell any securities convertible into additional shares of Common Stock of the Corporation at a conversion price per share (being the sum of the aggregate consideration received or receivable by the Corporation for such issue or sale and the

aggregate minimum consideration, if any, payable to the Corporation upon conversion divided by the aggregate number of shares of Common Stock into which said securities are then convertible) less than the warrant price in effect immediately prior to the issue or sale of such convertible securities, then for the purpose of determining the adjusted warrant price and the number of shares obtainable pursuant to any warrant, such issue or sale shall be deemed an issue or sale forthwith of the total maximum number of shares of Common Stock then necessary for the conversion of all such convertible securities at the conversion price per share; and the warrant price in effect immediately prior to such issue or sale and the number of shares obtainable pursuant to any warrant shall forthwith be adjusted in the manner provided by clauses (i) and (ii) of this paragraph (d); provided, however, that if the conversion rights with respect of any such securities expire for any reason without being exercised, then the adjusted warrant price and the number of shares obtainable pursuant to any warrant shall be readjusted as though such securities with respect of which the conversion rights had expired without being exercised, had not been issued or sold. No further adjustment of the warrant price or number of shares obtainable pursuant to any warrant shall be made upon the conversion of any such convertible securities or upon the issuance of shares of Common Stock pursuant thereto or upon the change in the conversion price.

(iv) In case the Corporation during the life of the warrants shall in any manner issue or sell any rights to subscribe for or options to purchase additional shares of Common Stock at a price per share (being the sum of the aggregate consideration received or receivable by the Corporation for the granting of such rights or options and the minimum amount of additional consideration payable to the Corporation upon the exercise of such rights or options divided by the aggregate number of shares of Common Stock purchasable on the exercise of such rights or options) less than the warrant price in effect immediately prior to the granting of such rights or options, then in any such case, for the purpose of computing the adjusted warrant price and

the number of shares obtainable pursuant to any warrant, such issue or sale shall be deemed to be an issue or sale forthwith of the total maximum number of additional shares of Common Stock issuable or deliverable on the exercise of all such rights or options, without any adjustments therein, at the price per share as above computed; and the warrant price in effect immediately prior to the offering, issue or sale of such rights or options and the number of shares obtainable pursuant to any warrant shall forthwith be adjusted in the manner provided in clauses (i) and (ii) of this paragraph (d); provided, however, that if any of such rights or options expire for any reason without having been exercised, then the adjusted warrant price and the number of shares obtainable pursuant to any warrant shall be readjusted as though such rights or options had not been issued or sold. No further adjustment of the warrant price or number of shares obtainable pursuant to any warrant shall be made upon the exercise of any such rights or options, upon the issuance of shares of Common Stock pursuant thereto or upon any change in the consideration payable to the Corporation upon the exercise of such rights or options.

(v) In case of the issuance for cash of additional shares of Common Stock or securities convertible into additional shares of Common Stock or of any rights to subscribe for or options to purchase additional shares of Common Stock or securities convertible into additional shares of Common Stock, the consideration received by the Corporation therefor shall be deemed to be the amount of cash received by the Corporation for such securities before deducting therefrom any commissions, discounts or expenses paid or incurred by the Corporation for any underwriting of the issuance and sale of such shares, convertible securities, rights or options, or otherwise, and any other expenses paid or incurred in connection with such issuance or sale.

(vi) In case of the issuance of additional shares of Common Stock or of securities convertible into additional shares of Common Stock or of any rights to subscribe for or options to purchase additional shares of Common Stock or securities convertible into additional shares of Common Stock for a consideration

other than cash, the consideration received by the Corporation therefor shall be deemed to be the fair value of such consideration as determined by the Board of Directors of the Corporation; provided, however, that if any such shares of Common Stock or such securities convertible into Common Stock or such rights or options be issued for any consideration other than cash and/or property of any kind (including tangible and intangible), the same shall be deemed to have been issued for cash for the price of zero dollars.

(vii) In case of any stock dividend or subdivision of the outstanding shares of Common Stock of the Corporation into a greater number of shares of Common Stock, the warrant price then in effect shall be proportionately reduced and the number of shares then obtainable pursuant to any warrant shall be proportionately increased and conversely in case of any contraction of the number of outstanding shares of Common Stock of the Corporation by combining such shares into a smaller number of shares, the warrant price then in effect shall be proportionately increased and the number of shares then obtainable pursuant to any warrant shall be proportionately decreased.

(viii) In case of the consolidation or merger of the Corporation with another entity or the reclassification of its Common Stock (other than by way of subdivision or contraction of outstanding shares of Common Stock), any warrant shall thereafter be exercisable to acquire the number of shares of stock or other securities or property of the Corporation or of the entity resulting from such consolidation or merger to which the number of shares then obtainable pursuant to such warrant would have been entitled upon such consolidation or merger or reclassification had the holder of such warrant exercised the rights thereunder to acquire shares of Common Stock, and such shares had been issued and outstanding and such holder had been the holder of record of such shares of Common Stock at the time thereof; and lawful provision therefor shall be made as a part of such consolidation, merger or reclassification.

(ix) In case the Corporation shall at any time make any distribution of its assets to the holders of its Common Stock as a dividend in partial liquidation or by way of return of capital or

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other than as a dividend payable on account of a complete liquidation or out of earnings or out of any surplus legally available for dividends under the laws of the State of Delaware, the holder of any warrant upon the exercise thereof at any time after the date of record of such distribution of assets shall be entitled to receive in addition to the number of shares then obtainable pursuant to such warrant and without the payment of any additional consideration therefor other than the warrant price of the shares, a sum equal to the fair value of such assets, or the pro rata portion of such assets, as would have been payable or distributable to such person as the owner of the number of shares of Common Stock of the Corporation obtainable pursuant to such warrant had such purchase privilege been exercised and such shares been issued and outstanding and had such person been the holder of record thereof on the record date for such distribution; and lawful provision therefor shall be made as a part of any such distribution.

(e) In case any additional shares of Common Stock are issued or deemed to have been issued so as to effect a redetermination or readjustment of the warrant price per share and the number of shares thereafter obtainable pursuant to any warrant, the Corporation shall immediately file with each warrant agent, notice in writing showing (i) the number of additional shares so issued or deemed to have been issued and the date of issuance, (ii) the price or prices at which such shares shall have been issued or shall have been deemed to have been issued, (iii) the warrant price per share of Common Stock thereafter obtainable upon the exercise of the warrants and the number of shares obtainable pursuant thereto; and (iv) in case such additional shares shall have been issued for a consideration other than cash, a true copy of the resolution of the Board of Directors of the Corporation determining the fair value of such consideration.

(f) In lieu of issuing fractional shares of its Common Stock upon the exercise of any warrant or warrants, the Corporation will make a cash settlement in respect thereof on the basis of a sum in cash equal to the product obtained by multiplying such fractional part by the market value of the Common Stock at the close of business on the day preceding the surrender of such warrant, such

market value to be determined in accordance with any regulations, reasonably established by the Board of Directors of the Corporation in respect thereof.

(g) So long as any warrant shall remain outstanding and unexpired, there shall be reserved such number of shares of Common Stock for issuance upon the exercise of the warrants as shall be required pursuant to the terms thereof. The Corporation shall from time to time, in accordance with the laws of the State of Delaware, increase the authorized amount of its Common Stock if at any time the number of shares of Common Stock remaining unissued shall not be sufficient to permit the exercise of all of the outstanding warrants hereunder.

(h) In case of any of the following events (i) the Corporation shall declare any dividend payable on its Common Stock in stock or otherwise than in cash, or make any distribution of its assets to the holders of its Common Stock as a dividend in partial liquidation or by way of return of capital or other than as a dividend payable in cash out of earnings or any surplus legally available for dividends under the laws of the State of Delaware, or (ii) the Corporation shall offer to the holders of its Common Stock any additional shares of stock of the Corporation or any rights to subscribe thereto, or (iii) any capital reorganization or reclassification of the Common Stock of the Corporation or its consolidation or merger with another entity other than a wholly owned subsidiary or the sale of all or substantially all of its assets shall be proposed, or (iv) a dissolution, liquidation or winding up of the Corporation shall be proposed by the Corporation, then in any one or more of said events, the Corporation shall cause notice thereof to be filed with each warrant agent and to be published once a week for 2 successive weeks, beginning on any day of the week, in 2 daily newspapers, printed in the English language and one of which shall be of general circulation in The City of New York, State of New York, and the other of which shall be of general circulation in the City of Denver, State of Colorado, such notice to be filed and the first publication thereof in each such newspaper to be made not less than 15 days prior to the date on which the books of the Corporation shall close or a record date be taken for such dividend, distribution or subscription rights or for voting with respect to such reclassification,

reorganization or merger, consolidation, sale, dissolution, liquidation or winding up. Such notice shall also specify the date as of which the books will close or a record of holders of the Common Stock shall be taken with respect thereto and shall state that the warrant price then in effect under the warrants as adjusted and the number of shares obtainable pursuant thereto may be obtained from any warrant agent and from the Corporation.

COMMON STOCK

Dividends

12. Subject to the provisions hereof in respect of shares of any class of stock of the Corporation ranking prior to the Common Stock, such dividends or distributions as may be determined by the Board of Directors may, from time to time, be declared and paid out of funds legally available therefor, or made upon, or in respect of, the Common Stock; and the shares of such class of prior stock shall not be entitled to participate therein.

Liquidation

13. Subject to the provisions hereof in respect of any class of stock of the Corporation ranking prior to the Common Stock, the holders of the Common Stock shall, upon any liquidation, dissolution or winding up of the affairs of the Corporation, be entitled as a class to receive, pro rata, the assets of the Corporation available for distribution after provision for the rights of all such prior stock.

Voting

14. The holders of the Common Stock shall have voting rights only as provided hereinafter in subdivision 15 hereof.

MISCELLANEOUS

15. Except as otherwise required by law and as otherwise provided above in subdivisions 8, 9 and 10 hereof in respect of the Preferred Stock, every share of stock of the Corporation, regardless of class, shall have equal voting rights, and each holder of stock of the Corporation entitled to vote shall have one vote for each share thereof held and entitled to vote.

16. No holder of shares of stock of any class of the Corporation shall be entitled, as such, to subscribe to or purchase any

additional shares of stock of any class (except as provided above in subdivision 11 hereof), whether now or hereafter authorized, or obligations convertible into any class or classes of stock, or shares of stock of any class convertible into stock of any other class or classes, or obligations, shares of stock or other securities carrying warrants or rights to subscribe to shares of stock of the Corporation of any class or classes, in any case whether now or hereafter authorized; but any and all shares of stock, bonds, debentures or other securities or obligations, whether or not convertible into stock or carrying warrants or rights entitling the holders thereof to subscribe to stock, may be issued, sold or disposed of from time to time by the Board of Directors to such persons, firms or corporations and for such consideration, so far as may be permitted by law, as it shall from time to time in its absolute discretion determine, without offering the same to the holders of shares of stock of the Corporation or any class then outstanding.

17. (a) The term "subsidiary" shall mean a corporation, association or business trust, of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation, association, or business trust (irrespective of whether or not at the time shares of any other class or classes shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned by the Corporation or by one or more other corporations or associations or business trusts whose shares are similarly owned.

(b) The term "funded debt" shall mean any indebtedness maturing by its terms more than 12 months from the date of the original creation thereof, or indebtedness extendable or renewable at the option of the obligor to a date more than 12 months from the date of the original creation thereof, and shall include all such indebtedness issued, assumed or guaranteed by the Corporation or any subsidiary."

FIFTH: The names and places of residence of each of the incorporators are as follows:

Name	Residence
Charles A. Davey	853 Carroll Street, Brooklyn, N. Y.
Pierce C. Pierson	37 West 72nd Street, New York, N. Y.
Sidney L. Smith	41-15 44th Street, Sunnyside, L. I., N. Y.

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: The private property of the stockholders of the Corporation shall not be subject to the payment of corporate debts to any extent whatsoever.

EIGHTH: The following provisions are hereby inserted for the management of the business and for the conduct of the affairs of the Corporation and for creating, defining, limiting and regulating the powers of the Corporation, the directors and the stockholders, said provisions being in furtherance of and in addition to, and not in limitation of, the powers now or hereafter conferred by the present or any future law or laws of the State of Delaware.

1. The Corporation is expressly authorized and empowered:

(a) To acquire, hold, use, deal in and dispose of, and to exercise all of the rights, powers and privileges of a natural person with respect to, any and all real and personal property, tangible and intangible, and interests therein, of every nature whatsoever, and wheresoever located.

(b) To conduct any or all of its business as principal, agent, factor, contractor, or otherwise, directly or indirectly, and individually or jointly with others.

(c) To confer upon the holders of any of the securities of whatsoever nature issued by it the right to convert the same into stock of the Corporation of any class or classes.

(d) To borrow money, from any and all sources, for any of the purposes of the Corporation, and to acquire, hold, sell or otherwise deal in securities of any and all kinds and descriptions, whether issued by itself or by any other issuer, and to take such action from time to time and upon such terms as its Board of

Directors shall determine; subject, always, to the laws of the State of Delaware with respect thereto.

(c) To do all things necessary or appropriate for the accomplishment of any of the businesses, objects or purposes of the Corporation, or designed to promote the interests of the Corporation directly or indirectly; and in general to do any and all things and exercise any and all powers now or hereafter conferred upon corporations of the general character of this Corporation by the laws of the State of Delaware.

2. The number of directors of the Corporation shall be fixed by its by-laws and may be altered from time to time by amending the by-laws as therein provided, but the number thereof shall never be less than 5. A director need not be a stockholder. The election of directors need not be by ballot unless the by-laws so require. In case of any increase in the number of directors, the additional directorships so created may be filled in the first instance in the same manner as a vacancy in the Board of Directors.

3. The Board of Directors of the Corporation shall have power, among other things:

(a) To make, amend and repeal the by-laws of the Corporation, subject to the power of the holders of the capital stock entitled to vote thereon to alter, amend or repeal the by-laws made by the Board of Directors.

(b) From time to time to determine whether and to what extent and at what times and places and under what conditions and regulations, the accounts and books of the Corporation (other than the stock ledger), or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right, except as conferred by statute, to inspect any account, book or document of the Corporation, unless expressly so authorized by resolution of the Board of Directors or the stockholders.

(c) Except as otherwise may be expressly provided in the Certificate of Incorporation, to authorize and issue obligations of the Corporation, secured or unsecured, without the assent or vote of the stockholders, and to include therein such provisions as to redeemability, convertibility or otherwise as the Board of Directors, in its sole discretion may determine, and to authorize

the mortaging or pledging, as security therefor, of any property of the Corporation, real or personal, including after-acquired property.

(d) From time to time to fix and determine and to vary the amount of the working capital of the Corporation; to direct and determine whether any, and if any, what part, of the surplus or net profits of the Corporation shall be declared in dividends and paid to the stockholders; and to set apart any of the funds of the Corporation otherwise available for dividends as a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.

In addition to the powers hereinbefore or by statute expressly conferred upon it, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the laws of the State of Delaware, of the Certificate of Incorporation and of the by-laws of the Corporation.

4. Both the Board of Directors and the stockholders of the Corporation shall have power to hold their meetings and to have one or more offices within or without the State of Delaware, as may from time to time be designated by the Board of Directors or the by-laws of the Corporation.

5. A Director of the Corporation shall not, in the absence of fraud, be disqualified by his office from dealing or contracting with the Corporation either as vendor, purchaser or otherwise; nor, in the absence of fraud, shall any transaction or contract of the Corporation be void or voidable by reason of the fact that any director or any firm of which any director is a member or any corporation of which any director is a stockholder, director or officer is in any way interested in such transaction or contract, provided such transaction or contract is or shall be authorized, ratified or approved, with notice or knowledge of the fact of such interest, either (a) by a vote of a majority of a quorum of the Board of Directors, or of the Executive Committee, if any, without counting in such majority (although counting in any such quorum) any director so interested or who is a member of a firm so interested or a stockholder, director or officer of a corporation so interested, or (b) by vote at a stockholders meeting of the holders of record of a majority of all the out-

standing shares of stock of the Corporation then entitled to vote or by writing or writings signed by a majority of such holders; nor shall any director be liable to account to the Corporation for any profits realized by him from or through any such transaction or contract with the Corporation authorized, ratified or approved as aforesaid by reason of the fact that he or any firm of which he is a member or any corporation of which he is a stockholder, director or officer, was interested in such transactions or contract. Nothing in this section shall create any liability in the above mentioned events or prevent the authorization, ratification or approval of such transactions or contracts in any other manner permitted by law; nor shall anything in this paragraph apply to transactions in the ordinary course of business.

NINTH: Any and all directors and officers and former directors and officers of the Corporation, and any person who may have served at the request of the Corporation as director or officer of another corporation in which the Corporation owns or owned shares of capital stock or of which it is or was a creditor, hereby are, and each hereby is, automatically and without any further action by the Corporation indemnified by the Corporation against any and all expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceedings in which they, or any of them, are made parties or a party by reason of being or having been directors or officers, or a director or officer, of the Corporation or such other corporation, except in relation to matters as to which any such director or officer or former director or officer or person shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duties as such officer or director, and also against liability for any amount paid and expenses incurred in connection with reasonable settlements (other than amounts paid to the Corporation itself) made solely with a view to curtailment of costs of litigation.

Such indemnification shall not be exclusive of, nor preclude, any such director or officer from exercising any other rights to which such director or officer may be entitled as a matter of law.

TENTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the

application in a summary way of this Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 41 of Chapter 117 of the Revised Code of Delaware, 1935, or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 43 of said Chapter, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said Court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the Court to which the said application has been made, be binding on all the creditors or class of creditors, and or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ELEVENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in its Certificate of Incorporation, in the manner now or hereafter prescribed by Statute, and all the rights conferred upon stockholders and directors herein are granted subject to this reservation.

WE, THE UNDERSIGNED, being each of the incorporators hereinbefore named, for the purpose of forming a corporation to do business both within and without the State of Delaware, and in pursuance of the General Corporation Law of the State of Delaware and the acts amendatory thereof and supplemental thereto, do make and file this Certificate, hereby declaring and certifying that the facts herein stated are true, and accordingly have hereunto set our hands and seals this 3d day of May, 1946.

JAMES A. DAVEY (L.S.)
PIERCE C. PIERSON (L.S.)
SIDNEY L. SMITH (L.S.)

In the Presence of:
MAE J. CANNON

STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

BE IT REMEMBERED that on this 3rd day of May, A. D. 1946, personally came before me Mae J. Cannon, a notary public in and for the County and State aforesaid, Charles A. Davey, Pierce C. Pierson and Sidney L. Smith, parties to the foregoing Certificate of Incorporation, known to me personally to be such, and severally acknowledged the said certificate to be the act and deed of the signers, respectively, and that the facts therein stated are truly set forth.

GIVEN under my hand and seal of office the day and year aforesaid.

MAE J. CANNON
Notary Public.

MAE J. CANNON
Notary Public
Kings County
Certificate filed in
New York County

MAE J. CANNON
Notary Public, State of New York
Residing in Kings County
Kings Co. Clerk's No. 45 Register's No. 31-C-8
New York Co. Clerk's No. 240, Reg. No. 25-C-8
Commission Expires March 30, 1948

MAE J. CANNON
NOTARY PUBLIC
STATE OF NEW YORK

Notation Re Opinion of Tax Court

The opinion of the Tax Court is printed in the Petition for Certiorari, and may be found therein at pages 18–41, as Appendix A. It is therefore not reprinted in this Appendix.

DECISION

(Filed October 18, 1971)

UNITED STATES TAX COURT
WASHINGTON

[CAPTION OMITTED]

DECISION

Pursuant to the determination of the Court as set forth in its Opinion, dated October 14, 1971, it is

ORDERED and DECIDED: That there is a deficiency in income tax due from the petitioner for the taxable year ended April 30, 1967 in the amount of $147,949.76.

Entered: October 18, 1971.

/s/ Irene F. Scott
Judge.

NOTICE OF APPEAL

(Filed January 3, 1972)

UNITED STATES TAX COURT

[CAPTION OMITTED]

NOTICE OF APPEAL

Notice is hereby given that Petitioner, National Alfalfa Dehydrating and Milling Company, hereby appeals to the United States Court of Appeals for the Tenth Circuit from the decision of this court entered in the above captioned proceeding on the 18th day of October, 1971.

/s/ Charles White Hess
Charles White Hess
/s/ Ronald B. Stang
Ronald B. Stang
Linde, Thomson, Van Dyke, Fairchild and Langworthy
Floor Three, Columbia Union Bank Bldg.
Kansas City, Missouri 64106
816-474-6420
Counsel for Petitioner National Alfalfa Dehydrating and Milling Company

Notation Re Opinion and Judgment of the Court of Appeals

The opinion of the court of appeals is printed in the Petition for Certiorari, and may be found therein at pages 42–69, as Appendix B. The judgment of the court of appeals is printed in the Petition for Certiorari, and may be found therein at pages 70–71, as Appendix C. They are therefore not reprinted in this Appendix.

Supreme Court of the United States

No. 73-9

Commissioner of Internal Revenue,

Petitioner,

v.

National Alfalfa Dehydrating and Milling Company

ORDER ALLOWING CERTIORARI. Filed October 9 ---------- , 1973

The petition herein for a writ of certiorari to the United States Court of Appeals for the Tenth ---------- Circuit is granted.

U.S. GOVERNMENT PRINTING OFFICE : 1973—O-524-785